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LIFE AND ACCIDENT AND HEALTH COMPANIES —ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2010

OF THE CONDITION AND AFFAIRS OF THE

BLUE SHIELD OF CALIFORNIA LIFE & HEALTH INSURANCE COMPANY

NAIC Group Code 2798 (Current Period), 2798 (Prior Period) NAIC Company Code 61557 Employer's ID Number 94-6077403

Organized under the Laws of California, State of Domicile or Port of Entry California

Country of Domicile United States

Incorporated/Organized 05/18/1953 Commenced Business 07/01/1954

Statutory Home Office 50 Beale Street (Street and Number), San Francisco, CA 94105-0000 (City or Town, State and Zip Code)

Main Administrative Office 50 Beale Street (Street and Number) San Francisco, CA 94105-0000 (City or Town, State and Zip Code) 888-800-2742 (Area Code) (Telephone Number)

Mail Address P. O. Box 7725 (Street and Number or P.O. Box), San Francisco, CA 94120-7725 (City or Town, State and Zip Code)

Primary Location of Books and Records 50 Beale Street (Street and Number) San Francisco, CA 94105-0000 (City or Town, State and Zip Code) 415-229-5035 (Area Code) (Telephone Number)

Internet Web Site Address www.bscalife.com ; www.blueshieldca.com/bsc/life

Statutory Statement Contact Annie Wong (Name) 415-229-5035 (Area Code) (Telephone Number) (Extension)

annie.wong@blueshieldca.com (E-mail Address) 415-229-5730 (FAX Number)

OFFICERS

Name	Title	Name	Title
Duncan Ross	President and CEO	Mark Gastineau #	Vice President
David Joyner #	Vice President	Seth Alan Jacobs, Esq.	Secretary

OTHER OFFICERS

Christopher Gorecki	Controller	Emily R. Glidden	Treasurer
Timothy Gustafson #	Actuary	Andrea DeBerry	Assistant Secretary

DIRECTORS OR TRUSTEES

Bruce G. Bodaken	Douglas Busch	Vanessa C.L. Chang	Evelyn Dilsaver #
Hector Flores, M.D. #	Alan Fohrer #	William Hauck	Sandra Hernandez, M.D.
Robert Lee	Thomas Lee		

State of California
County of San Francisco
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The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Duncan Ross - President & CEO Date:	Seth Alan Jacobs, Esq. - Secretary Date:	Christopher Gorecki - Controller Date:

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this
day of ,

Anne-Marie Hodgkinson,, Commission #1791321
March 14, 2012

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	483,287,860		483,287,860	410,448,079
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ encumbrances)			0	0
4.2 Properties held for the production of income (less $ encumbrances)			0	0
4.3 Properties held for sale (less $ encumbrances)			0	0
5. Cash ($ 9,368,018), cash equivalents ($ 0) and short-term investments ($ 10,507,872)	19,875,890		19,875,890	80,372,386
6. Contract loans (including $ premium notes)	26,043		26,043	19,712
7. Derivatives			0	
8. Other invested assets	0		0	0
9. Receivables for securities	24,660,740		24,660,740	10,579,604
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	527,850,533	0	527,850,533	501,419,782
12. Title plants less $ charged off (for Title insurers only)			0	0
13. Investment income due and accrued	3,760,365		3,760,365	3,987,335
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	5,910,459	270,363	5,640,097	8,106,316
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums)	4,284		4,284	4,284
14.3 Accrued retrospective premiums			0	0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	3,954,472		3,954,472	878,177
15.2 Funds held by or deposited with reinsured companies			0	0
15.3 Other amounts receivable under reinsurance contracts	450,276		450,276	226,112
16. Amounts receivable relating to uninsured plans			0	0
17.1 Current federal and foreign income tax recoverable and interest thereon	1,035,985		1,035,985	0
17.2 Net deferred tax asset	22,060,586	17,028,602	5,031,984	3,019,269
18. Guaranty funds receivable or on deposit			0	0
19. Electronic data processing equipment and software			0	0
20. Furniture and equipment, including health care delivery assets ($)			0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
22. Receivables from parent, subsidiaries and affiliates			0	3,361,369
23. Health care ($) and other amounts receivable			0	0
24. Aggregate write-ins for other than invested assets	0	0	0	24,400
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	565,026,960	17,298,965	547,727,996	521,027,045
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
27. Total (Lines 25 and 26)	565,026,960	17,298,965	547,727,996	521,027,045
DETAILS OF WRITE-INS				
1001.			0	0
1002.			0	0
1003.			0	0
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Miscellaneous receivable			0	24,400
2402.			0	0
2403.			0	0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	0	0	24,400

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts $ 3,285,360 less $ 0 included in Line 6.3 (including $ 0 Modco Reserve)	3,285,360	3,832,017
2. Aggregate reserve for accident and health contracts (including $ Modco Reserve)	48,537,869	3,682,681
3. Liability for deposit-type contracts (including $ Modco Reserve)	13,168	17,320
4. Contract claims:		
4.1 Life	2,318,257	2,698,626
4.2 Accident and health	153,717,807	186,820,337
5. Policyholders' dividends $ and coupons $ due and unpaid		0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment (including $ Modco)		0
6.2 Dividends not yet apportioned (including $ Modco)		0
6.3 Coupons and similar benefits (including $ Modco)		0
7. Amount provisionally held for deferred dividend policies not included in Line 6		0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less $ discount; including $ accident and health premiums	56,756,850	57,687,106
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		0
9.2 Provision for experience rating refunds, including $ accident and health experience rating refunds		0
9.3 Other amounts payable on reinsurance, including $ assumed and $ ceded	0	0
9.4 Interest Maintenance Reserve	8,611,940	3,096,789
10. Commissions to agents due or accrued-life and annuity contracts $ 48,909, accident and health $ 890,659 and deposit-type contract funds $ 0	939,567	1,483,509
11. Commissions and expense allowances payable on reinsurance assumed		0
12. General expenses due or accrued	2,523,796	2,672,720
13. Transfers to Separate Accounts due or accrued (net) (including $ accrued for expense allowances recognized in reserves, net of reinsured allowances)		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	2,073,287	10,777,598
15.1 Current federal and foreign income taxes, including $ 0 on realized capital gains (losses)		0
15.2 Net deferred tax liability		0
16. Unearned investment income		0
17. Amounts withheld or retained by company as agent or trustee		0
18. Amounts held for agents' account, including $ agents' credit balances		0
19. Remittances and items not allocated		0
20. Net adjustment in assets and liabilities due to foreign exchange rates		0
21. Liability for benefits for employees and agents if not included above		0
22. Borrowed money $ and interest thereon $		0
23. Dividends to stockholders declared and unpaid		0
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	674,898	335,175
24.02 Reinsurance in unauthorized companies		0
24.03 Funds held under reinsurance treaties with unauthorized reinsurers		0
24.04 Payable to parent, subsidiaries and affiliates	28,332,035	0
24.05 Drafts outstanding		0
24.06 Liability for amounts held under uninsured plans		0
24.07 Funds held under coinsurance		0
24.08 Derivatives		
24.09 Payable for securities	28,596,456	0
24.10 Capital notes $ and interest thereon $		0
25. Aggregate write-ins for liabilities	61,931	66,360
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	336,443,222	273,170,238
27. From Separate Accounts statement		0
28. Total liabilities (Lines 26 and 27)	336,443,222	273,170,238
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes		0
33. Gross paid in and contributed surplus	235,230,433	235,230,433
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(26,445,659)	10,126,374
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 $)		0
36.2 shares preferred (value included in Line 30 $)		0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including $ in Separate Accounts Statement)	208,784,775	245,356,807
38. Totals of Lines 29, 30 and 37	211,284,775	247,856,807
39. Totals of Lines 28 and 38	547,727,996	521,027,045
DETAILS OF WRITE-INS		
2501. Escheat Claims Liability	61,931	66,360
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	61,931	66,360
3101.		0
3102.		0
3103.		0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 through 3103 plus 3198) (Line 31 above)	0	0
3401.		0
3402.		0
3403.		0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	1,008,376,558	870,731,650	1,214,179,036
2. Considerations for supplementary contracts with life contingencies		0	0
3. Net investment income	14,253,760	10,695,355	14,741,048
4. Amortization of Interest Maintenance Reserve (IMR)	917,815	423,311	632,999
5. Separate Accounts net gain from operations excluding unrealized gains or losses		0	0
6. Commissions and expense allowances on reinsurance ceded	423,219	1,458,484	1,852,065
7. Reserve adjustments on reinsurance ceded		0	0
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0	0
8.2 Charges and fees for deposit-type contracts		0	0
8.3 Aggregate write-ins for miscellaneous income	0	12,877	0
9. Totals (Lines 1 to 8.3)	1,023,971,352	883,321,677	1,231,405,149
10. Death benefits	2,543,936	3,558,412	4,711,536
11. Matured endowments (excluding guaranteed annual pure endowments)		0	0
12. Annuity benefits		0	0
13. Disability benefits and benefits under accident and health contracts	772,782,935	699,621,431	1,029,635,072
14. Coupons, guaranteed annual pure endowments and similar benefits		0	0
15. Surrender benefits and withdrawals for life contracts	18,198	1,720	3,042
16. Group conversions		0	0
17. Interest and adjustments on contract or deposit-type contract funds		0	0
18. Payments on supplementary contracts with life contingencies		0	0
19. Increase in aggregate reserves for life and accident and health contracts	(1,211,697)	(873,360)	(1,267,156)
20. Totals (Lines 10 to 19)	774,133,372	702,308,203	1,033,082,494
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	73,064,049	66,028,121	80,846,209
22. Commissions and expense allowances on reinsurance assumed		0	0
23. General insurance expenses	141,337,048	133,088,778	184,843,811
24. Insurance taxes, licenses and fees, excluding federal income taxes	24,189,255	20,938,199	29,217,722
25. Increase in loading on deferred and uncollected premiums		1,008	772
26. Net transfers to or (from) Separate Accounts net of reinsurance		0	0
27. Aggregate write-ins for deductions	0	0	0
28. Totals (Lines 20 to 27)	1,012,723,724	922,364,309	1,327,991,007
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	11,247,628	(39,042,631)	(96,585,859)
30. Dividends to policyholders		0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	11,247,628	(39,042,631)	(96,585,859)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	4,051,111	(14,630,970)	(33,693,490)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	7,196,517	(24,411,662)	(62,892,369)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $ 0 (excluding taxes of $ transferred to the IMR)		(108,626)	(343,104)
35. Net income (Line 33 plus Line 34)	7,196,517	(24,520,288)	(63,235,473)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	247,856,807	138,486,888	138,486,888
37. Net income (Line 35)	7,196,517	(24,520,288)	(63,235,473)
38. Change in net unrealized capital gains (losses) less capital gains tax of $		43,304	43,304
39. Change in net unrealized foreign exchange capital gain (loss)		0	0
40. Change in net deferred income tax	435,677	87,651	1,656,654
41. Change in nonadmitted assets	(14,276,355)	1,713,583	1,029,867
42. Change in liability for reinsurance in unauthorized companies		0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease		0	0
44. Change in asset valuation reserve	(339,723)	(239,853)	(335,175)
45. Change in treasury stock		0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0	0
47. Other changes in surplus in Separate Accounts Statement		0	0
48. Change in surplus notes		0	0
49. Cumulative effect of changes in accounting principles		0	0
50. Capital changes:			
50.1 Paid in		0	0
50.2 Transferred from surplus (Stock Dividend)		0	0
50.3 Transferred to surplus		0	0
51. Surplus adjustment:			
51.1 Paid in		29,909,836	203,320,434
51.2 Transferred to capital (Stock Dividend)		0	0
51.3 Transferred from capital		0	0
51.4 Change in surplus as a result of reinsurance		0	0
52. Dividends to stockholders		0	0
53. Aggregate write-ins for gains and losses in surplus	(29,588,148)	0	(33,109,692)
54. Net change in capital and surplus (Lines 37 through 53)	(36,572,032)	6,994,233	109,369,919
55. Capital and surplus, as of statement date (Lines 36 + 54)	211,284,775	145,481,121	247,856,807
DETAILS OF WRITE-INS			
08.301. Litigation Settlement of Securities		12,877	0
08.302.		0	0
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	0	12,877	0
2701.		0	0
2702.		0	0
2703.		0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0	0
5301. Other losses in surplus		0	(33,109,692)
5302. Unassigned Surplus - Active Life Reserve	(45,520,228)	0	0
5303. FIT on Active Life Reserve	15,932,080	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0	0
5399. Totals (Lines 5301 through 5303 plus 5398) (Line 53 above)	(29,588,148)	0	(33,109,692)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	1,009,991,207	891,631,876	1,229,752,400
2. Net investment income	15,927,016	10,149,142	13,326,637
3. Miscellaneous income	423,219	1,471,361	1,852,065
4. Total (Lines 1 to 3)	1,026,341,443	903,252,379	1,244,931,102
5. Benefit and loss related payments	766,384,035	655,433,505	958,807,481
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	248,242,392	219,950,702	290,518,422
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	0	0	(5,294,350)
10. Total (Lines 5 through 9)	1,014,626,427	875,384,207	1,244,031,552
11. Net cash from operations (Line 4 minus Line 10)	11,715,016	27,868,172	899,550
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	590,559,452	260,031,352	335,698,304
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(365)	16,465	0
12.7 Miscellaneous proceeds	14,515,320	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	605,074,407	260,047,817	335,698,304
13. Cost of investments acquired (long-term only):			
13.1 Bonds	654,917,585	346,565,786	501,088,461
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	2,359,597	19,455,868
13.7 Total investments acquired (Lines 13.1 to 13.6)	654,917,585	348,925,383	520,544,329
14. Net increase (or decrease) in contract loans and premium notes	6,331	(508)	474
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(49,849,509)	(88,877,058)	(184,846,499)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	29,909,838	203,320,433
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(4,151)	(4,029)	(5,392)
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	(22,357,852)	(1,272,886)	(5,058,633)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(22,362,003)	28,632,923	198,256,408
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(60,496,496)	(32,375,964)	14,309,459
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	80,372,386	66,062,927	66,062,927
19.2 End of period (Line 18 plus Line 19.1)	19,875,890	33,686,963	80,372,386

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Industrial life		0	0
2. Ordinary life insurance	1,013,424	1,088,605	1,444,474
3. Ordinary individual annuities		0	0
4. Credit life (group and individual)		0	0
5. Group life insurance	5,911,548	6,180,917	8,250,901
6. Group annuities		0	0
7. A & H - group	617,496,896	567,413,115	787,527,798
8. A & H - credit (group and individual)		0	0
9. A & H - other	387,953,843	303,818,084	427,084,649
10. Aggregate of all other lines of business	0	0	0
11. Subtotal	1,012,375,711	878,500,721	1,224,307,822
12. Deposit-type contracts		0	0
13. Total	1,012,375,711	878,500,721	1,224,307,822
DETAILS OF WRITE-INS			
1001.		0	
1002.		0	
1003.		0	
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

A. Accounting Practices:

The financial statements of the Blue Shield of California Life & Health Insurance Company ("Company" or "the Company") are presented on the basis of accounting practices prescribed or permitted by the California Department of Insurance ("DOI").

The California Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of California for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the California Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of California. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

There are no prescribed practices applicable to the Company, and the Company has not requested any permitted practices.

		2010 ($ In thousands)	2009 ($ In thousands)
(1)	Net Income – CA State Basis	$ 7,197	$ -63,235
(2)	Net Income – NAIC SAP	7,197	-63,235
(3)	Statutory Surplus – CA State Basis	211,285	247,857
(4)	Statutory Surplus – NAIC SAP	211,285	247,857

B. Use of Estimates in the Preparation of the Financial:

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates.

C. Accounting Policy:

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.
(2) Bonds not backed by other loans are stated at amortized cost using the interest method.
(3) The Company does not invest in the purchase of common stocks.
(4) The Company does not invest in the purchase of preferred stocks.
(5) The Company does not invest in mortgage loans to any borrower.
(6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
(7) The Company has no investment in subsidiaries, controlled and affiliated companies.

NOTES TO FINANCIAL STATEMENTS

(8) The Company has no investment in joint ventures, partnerships and limited liability companies.
(9) The Company does not invest in derivative instruments.
(10) The Company does not anticipate investment income as a factor in the premium deficiency calculation for Individual and Group Accident and Health Contracts.
(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
(12) The Company has not modified its capitalization policy from the prior period.
(13) The Company has no pharmaceutical rebate receivables as of the filing date of this statement.

2. Accounting Changes and Correction of Errors:

Not applicable

3. Business Combinations and Goodwill:

A. Statutory Purchase Method

Not applicable

B. Statutory Merger

Not applicable

C. Assumption Reinsurance

Not applicable

D. Impairment Loss

Not applicable

4. Discontinued Operations:

(1) Effective June 30, 2007, the Company discontinued sales of short-term health insurance.
(2) Premiums were completely earned in 2008; claims are expected to complete runout in 2010.
(3) Results are included in the Company's Statement of Operations.
(4) As of December 31, 2008, all premiums for short-term health insurance have been earned so the Company no longer carries a Premium Deficiency Reserve. Loss reserves and loss adjustment reserves continue to be carried and are expected to be sufficient to complete the claims runout.
(5) The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Summary of Operations is as follows:

Balance sheet September 30, 2010 ($ In thousands)

Assets			
a.	Line 5	Cash	N/A
b.	Line 26	Totals	N/A
Liabilities, Surplus and Other Funds			
c.	Line 28	Total Liabilities	($1,112)

NOTES TO FINANCIAL STATEMENTS

d.	Line 37	Surplus	$ 116
e.	Line 39	Total	N/A

Summary of Operations Septmeber 30, 2010

f.	Line 1	Premiums	N/A
g.	Line 19	Incr. agg. reserves	N/A
h.	Line 32	Income tax	N/A
i.	Line 34	Net capital gains	N/A
j.	Line 35	Net Income	($ 116)

5. Investments:

Investments are carried in accordance with the investment guidelines prescribed by the NAIC Securities Valuation Office. Bonds are stated at cost adjusted for amortization of premium or accretion of discount. The retrospective adjustment method is used to value loan-backed bonds and structured securities.

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company did not have investments in mortgage loans at September 30, 2010.

B. Debt Restructuring

The Company did not have invested assets that were restructured debt at September 30, 2010.

C. Reverse Mortgages

The Company did not have investments in reverse mortgages at September 30, 2010.

D. Loan-Backed Securities

(1) Prepayment assumptions for single class and multi-class mortgage-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.

(2) Loan-backed securities with a recognized other-than-temporary impairment, in the aggregate, classified on the basis for the other-than-temporary impairment.

The company did not recognize an other-than-temporary impairment at September 30, 2010.

(3) Loan-backed securities with a recognized an other-than-temporary impairment, currently held by the Company, as the present value of cash flows expected to be collected is less than the amortized cost basis of the securities:

Not applicable

(4) The Company's impaired securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss are as follows:

	Aggregated Amount of Unrealized Losses	Aggregate Fair Value of these Securities
Debt securities that have been in a continuous unrealized loss position for less than 12 months	$287,502	$41,761,960
Debt securities that have been in a continuous unrealized loss position for 12 months or longer	$242,619	$1,624,758

NOTES TO FINANCIAL STATEMENTS

(5) In reviewing these securities, the Company considered a variety of factors such as scheduled interest and principal payments, payment guarantees, ratings and changes in ratings by rating agencies, discounted cash flows, the underlying collateral, prepayment speeds, vintage, default rates, severity and duration of the impairment, recoveries and changes in value, and determined the unrealized losses are attributable to changes in interest rates and not credit quality. Based on the factors, the Company does not consider such investments to be other-than-temporarily impaired at September 30, 2010.

E. Repurchase Agreements and/or Securities Lending Transactions

(1) The Company did not enter into repurchase agreements and/or securities lending transactions at September 30, 2010.

F. Real Estate

(1) The Company did not have investments in real estate at September 30, 2010.

G. Investments in Low-Income Housing Tax Credits (“LIHTC”)

(1) The Company did not invest in properties generating LIHTC at September 30, 2010.

6. Joint Ventures, Partnerships and Limited Liability Companies:

A. The Company has no investments in joint ventures, partnerships and limited liability companies at September 30, 2010.

B. Not applicable

7. Investment Income:

A. No investment income due and accrued was excluded during the statement period.

B. Not applicable

8. Derivative Instruments:

The Company has no derivative instruments at September 30, 2010.

9. Income Taxes ($000 omitted):

The Company is included in the consolidated federal income tax return filed by California Physicians’ Service – Blue Shield of California. The members of the consolidated return group have entered into a tax allocation agreement whereby those members having taxable income on a separate company basis will share the consolidated tax liability for each year on a pro rata basis. The GAAP basis income liability for each year is adjusted in accordance with SSAP NO. 10 to determine the statutory basis income tax liability. No compensation is made to members of the group for the use of their operating losses.

A. The components of the net deferred tax asset are as follows:

	9/30/10	12/31/09
Gross Deferred Tax Assets	$23,386	$7,019
Gross Deferred Tax Liabilities	($1,325)	($1,325)
Net Deferred Tax Assets	$22,061	$5,694
Nonadmitted Deferred Tax Assets	($17,029)	($2,674)
Net Admitted Deferred Tax Assets	$5,032	$3,020
Increase (Decrease) in Nonadmitted Deferred Tax Assets	$14,355	($1,209)

NOTES TO FINANCIAL STATEMENTS

B. Deferred tax liabilities are not recognized for the following amounts: N/A

C. Current Tax and Change in Deferred tax

Current income taxes incurred consist of the following major components:

	9/30/10	12/31/09
Current Income Tax Expense (Benefit)	$4,051	($34,311)
Prior Year Under (Over) Accrual/ Other Tax Adjustments	$0	$618
Federal Income Tax on Operations, Page 4, Line 32, Col. 1	$4,051	($33,693)
Tax on Realized Capital Gain	$0	$1,201
Current Income Taxes Incurred (Benefit)	$4,051	($32,492)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

DTAs resulting from book/tax differences in:	9/30/10	12/31/09
Deferred Bond Discount Accretion	$641	$641
Capital Gains	$3,038	$3,038
Deferred Acquisition Costs	$154	$154
Reserves	$19,317	$2,950
Guarantee Fund Assessments	$34	$34
Impairments	$202	$202
Unrealized Gains/ Losses	$0	$0
Gross Deferred Tax Assets	$23,386	$7,019
Nonadmitted Deferred Tax Assets	($18,354)	($3,999)
Admitted Deferred Tax Assets	$5,032	$3,020
DTLs resulting from book/tax differences in:	**9/30/10**	**12/31/09**
Bond Market Discount	($898)	($898)
Deferred Gain on Sale of Business	($427)	($427)
Gross Deferred Tax Liabilities	($1,325)	($1,325)
Nonadmitted Deferred Tax Liabilities	$1,325	$1,325
	$0	$0
Net Admitted Deferred Tax Assets	$5,032	$3,020

The changes in the net deferred income taxes is comprised of the following: (this analysis is exclusive of nonadmitted assets as the change in Nonadmitted Assets is reported separately from the Change in Net Deferred income taxes in the surplus section of the Annual Statement)

	9/30/10	12/31/09	Change
Total Deferred Tax Assets	$23,386	$7,019	($16,367)
Total Deferred Tax Liabilities	($1,325)	($1,325)	$0
Net Deferred Tax Assets/ (Liabilities)	$22,061	$5,694	($16,367)
Tax Effect of Unrealized Gains/ Losses			$0
Change in Net Deferred Income Tax			($16,367)

The $16.4M of changes in the net deferred income taxes included the tax impact of recording additional $45.5M of reserve. As noted in footnote 20 (C), this tax consequence resulted in a direct charge to surplus.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

The provision for federal and foreign income taxes incurred is different from that would be obtained by applying the statutory Federal income tax rate to income before income taxes.

NOTES TO FINANCIAL STATEMENTS

The significant items causing the difference are as follows:

	9/30/10	Tax Effect	Effective Tax Rate
Income Before Taxes	$11,248	$3,936	35.0%
Intercompany Allocation Adjustment	$0	$0	0%
IMR	($918)	($321)	(2.9%)
Totals		$3,615	32.1%
Federal Income Taxes Incurred		$4,051	36.0%
Change in Net Deferred Income Taxes		($436)	(3.9%)
Total Statutory Income Taxes		$3,615	32.1%

E.(1) As of September 30, 2010, the Company had operating loss carryforwards that will expire as follows:

NONE

(2) The following are income taxes incurred in the current and prior years that will be available to the
consolidated tax group for recoupment in the event of future net losses:

2010	$4,051
2009	$0
2008	$369

F.(1) The Company's federal Income Tax return is consolidated with the following entities:
California Physicians' Service (Parent)
CareAmerica Life Insurance Company
CareTrust Networks

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties:

A. The Company is a wholly owned subsidiary of California Physicians' Service – Blue Shield of California ("Blue Shield").

B. On March 31, 2009 and December 18, 2009, the Company received capital contributions of $30,000,000 and $173,000,000, respectively from Blue Shield. In accordance to the Tax-Sharing Agreement with the Parent, the Company recognized a $33 million tax benefit due to its 2009 operating loss. This tax consequence resulted in a direct charge to surplus.

C. Amendment No.3 to the Administrative Service Agreement with Blue Shield is added in 2010. See "F" below for more details.

D. At September 30, 2010, the Company reported $28,332,035 as the net amount due to Blue Shield, the Parent Company.

E. There are no guarantees or undertakings for the benefit of a subsidiary or affiliated party.

F. There is an Administrative Service Agreement dated October 1, 2003 between the Company and Blue Shield whereby the Company reimburses Blue Shield for all payroll and related expenses paid by Blue Shield for the account of the Company. Additionally, the Administrative Service Agreement provides that Blue Shield performs certain administrative services, if any, when requested by the Company. Amendment No.3 with effective date of February 1, 2010, was added to the Administrative Service Agreement after receiving approval from California Department of Insurance.

G. All outstanding shares of the Company are owned by Blue Shield.

NOTES TO FINANCIAL STATEMENTS

H. The Company did not own any shares of an upstream intermediate entity or ultimate parent owned at September 30, 2010 and December 31, 2009.

I. The Company did not have any investments in affiliates that exceeded 10% of admitted assets at September 30, 2010 and December 31, 2009.

J. The Company did not have any investments in affiliates and did not record impairments during the quarter ended September 30, 2010 and year ended December 31, 2009.

K. The Company did not have investments in foreign insurance subsidiaries.

L. The Company did not have investments in downstream noninsurance companies.

11. Debt:

A. The Company has no debt, including capital notes outstanding at September 30, 2010 and December 31, 2009.

B. The Company has no other debt outstanding at September 30, 2010 and December 31, 2009.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans:

Not applicable

13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations:

(1) The Company has 6,000 shares of common stock authorized, 2,500 shares issued and outstanding all with a par value of $1,000.00.

(2) The Company has no preferred stock.

(3) Within the limitations of (5) below, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(4) The Company did not declare nor did it pay any dividends in 2010 or 2009.

(5) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, California, to $24,785,680; the greater of net income or 10% of statutory surplus at the end of the preceding year.

(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(7) In November 2008 and November 2009, the Finance and Investment Committee of the Parent's Board of Directors authorized management to make capital contributions to the Company over the next year in an amount up to a maximum of $60 million and $175 million, respectively. A $30 million contribution was received by the Company on December 19, 2008. Additional contributions of $30 million and $173 million were received by the Company on March 31, 2009 and December 18, 2009, respectively.

In accordance to the Tax-Sharing Agreement with the Parent, the Company recognized a $33 million tax benefit due to its 2009 operating loss. This tax consequence resulted in a direct charge to surplus

NOTES TO FINANCIAL STATEMENTS

(8) The Company has no shares of stock held for special purposes at September 30 30, 2010.

(9) The Company has no changes in special Surplus Funds at September 30, 2010.

(10) There are no unrealized gains or losses included in the Company's surplus.

(11) The Company has not issued any surplus notes or debentures or similar obligations.

(12) The Company has no restatements due to prior quasi-reorganizations.

(13) The Company has never been involved in a quasi-reorganization.

14. Contingencies:

A. Contingent Commitments
The Company has no material contingent commitments at September 30, 2010.

B. Assessments
The company has reviewed the information contained on the website of the National Organization of Life & Health Insurance Guarantee Associations relating to insolvencies in progress in the State of California. It is expected that these insolvencies will result in future guarantee fund assessments against the Company in the amount of $130,282. This has been recorded as a liability as of September 30, 2010.

C. Gain Contingencies
The Company is not aware of any material gain contingencies.

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits
In the normal course of business operations, the Company is involved in litigation from time-to-time with insurers, claimants, and other parties. However, in the opinion of the Company, the ultimate liability, if any, would not have a material adverse effect on the Company's financial condition.

The Company paid the following amounts in the reporting period to settle claims related to extra contractual obligations or bad faith losses stemming from lawsuits:

Claims related ECO and bad faith losses paid during the reporting period: $1,070,532.

Number of claims where amounts were paid to settle claims related to extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period:

[ ] 0-25 Claims [X] 26-50 Claims [ ] 51-100 Claims [ ] 101-500 Claims [ ] More than 500 Claims

Claims count information is disclosed per claimant.

E. All other contingencies
The Company is not aware of any material contingent liabilities. The Company has committed no reserves to cover any contingent liabilities.

15. Leases:

The Company has no lessee leasing arrangements.

16. Information About Financial Instruments with Off-balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk:

NOTES TO FINANCIAL STATEMENTS

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:

A. ASO Plans - Not applicable

B. ASC Plans - Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract - Not applicable

19. Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators:

Not applicable

20. Other Items:

A. Extraordinary Items – Not applicable

B. Troubled Debt Restructuring – Not applicable

C. Other Disclosures:

Active Life Reserves: In connection with the Company's rate filing with the DOI, the Company recorded active life reserves totaling $45,520,228 as of September 2010. An offsetting charge to the current year unassigned surplus of $29,588,148 (net of tax) was also booked for the active life reserves.

Rounding: The Company has elected to use rounding to the nearest dollar in reporting amounts in this statement. The amounts in this statement pertain to the entire Company business.

D. Uncollectible Premiums Receivables

At September 30, 2010 and December 31, 2009, the Company reported admitted assets of $5,644,381 and $8,110,600 respectively in premium receivable due from policyholders and agents and receivables for uninsured plans and amounts due from providers and subscribers. Based upon Company experiences, any uncollectible premiums receivable are not expected to exceed the 2010 nonadmitted amounts totaling $270,363 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

E. Noncash Transactions – Not applicable

F. State Transferable Tax Credits – The Company has no state transferable tax credits at September 30, 2010 and December 31, 2009.

G. Subprime Mortgage Related Risk Exposure

(1) Direct investments in subprime mortgage loans:

The Company's principal investment objectives of conserving assets, increasing statutory surplus, maintaining the necessary level of liquidity consistent with the business environment and maximizing the potential long–term rates of return while

NOTES TO FINANCIAL STATEMENTS

assuming the amount of risk or uncertainty of return which is consistent with both the long– and short–term needs, are supported by a well-diversified portfolio consisting of various types of investments.

The Finance and Investment Committee of the parent's board of directors conducts direct investment oversight. Within this framework, the committee approves, monitors and evaluates the Blue Shield's investment managers, staff and consultants, bank custodians, and any other parties, as needed, to assure the prudent management of the investing program.

The Company does not engage in subprime residential mortgage lending. The Company's exposure to subprime lending is limited to the underlying assets of the Company's investments. The Company's fixed maturity investment portfolio contains securities collateralized by mortgages that may have characteristics of subprime lending such as adjustable-rate mortgages and alternative-documentation mortgages.

In comparison to the Company's overall investment portfolio, the percentage of the Company's investment portfolio with underlying assets with subprime mortgage-related risk exposure is small, at .36% at September 30, 2010.

(2) Direct investments in securities with subprime exposure:

The Company does not engage in sub-prime residential mortgage lending; therefore at September 30, 2010, the Company did not carry direct investments in subprime mortgage loans in its portfolio.

	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other Than Temporary Impairment Losses Recognized	Default Rate
	Mortgages in the process of foreclosure				
	Mortgages in good standing				
	Mortgages with restructure terms				
	TOTALS	0	0	0	0

(3) Direct exposure through other investments:

At September 30, 2010, the Company's subprime mortgage-related exposure is detailed below:

	INVESTMENT TYPE	Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-than-temporary impairment losses recognized to Date
	Structured Securities – Sub-prime Loan Investment	$531,857	$513,868	$ 520,685	$2,629
	Structured Securities – Alt-A Loan Investment	$1,352,199	$1,237,479	$1,218,780	$146,899
	TOTALS	$1,884,056	$1,751,347	$1,739,465	$149,528

(4) Underwriting risk on policies issued for Mortgage Guaranty or Financial Guaranty insurance coverage:

NOTES TO FINANCIAL STATEMENTS

At September 30, 2010, the Company did not underwrite Mortgage Guaranty or Financial Guaranty insurance coverage.

	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
	Mortgage Guaranty Coverage			
	Financial Guaranty Coverage			
	Other Lines:			
	TOTALS	0	0	0

21. Events Subsequent:

The Company is not aware of any events occurring subsequent to the close of the books for this statement that may have a material effect on its financial condition.

22. Reinsurance:

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any reinsurers owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes( ) No (x)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes( ) No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes( ) No (x)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the Company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. $0

b. What is the total amount of reinsurance credits taken, whether as asset or as a reduction of liability, for these agreements in this statement? $0.

(2) Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a

NOTES TO FINANCIAL STATEMENTS

payment to the reinsurer of amounts that, in aggregate and allowing for offsets of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes( ) No (x)

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than non-payment of premiums or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the anticipated experience of the business reinsured in making the estimate. $0.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of this agreement?

Yes( ) No (x)

B. Uncollectible Reinsurance:

The Company has not written off any uncollectible reinsurance during the quarter ended September 30, 2010.

C. Commutation of Ceded Reinsurance:

The Company has not commuted any ceded reinsurance during the quarter ended September 30, 2010.

23. Retrospectively Rated Contracts Subject to Redetermination:

No premiums written by the Company are subject to retrospective rating features.

24. Change in Incurred Losses and Loss Adjustment Expenses:

As of September 30, 2010, the Company maintained total reserves for claim and claim adjustment expenses of $191,351,308. As of September 30, 2010, $160,764,965 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $6,593,960 as a result of re-estimation of unpaid claims and claim adjustment expenses. This represents a $23,992,383 favorable prior-year development since December 31, 2009. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. No additional premiums or return premiums have been accrued as a result of the prior-year effects.

25. Intercompany Pooling Arrangements:

Not applicable

26. Structured Settlements:

Not applicable

27. Health Care Receivables:

NOTES TO FINANCIAL STATEMENTS

Not applicable

28. Participating Policies:

Not applicable

29. Premium Deficiency Reserves

As of September 30, 2010, the Company has a premium deficiency reserve in the amount of $35,433 related to long-term care insurance policies. The Company did not consider anticipated investment income when calculating this reserve.

30. Reserves for Life Contracts and Deposit Type Contracts:

(1) The Company waives deductions of deferred premiums upon death of the insured and returns any portion of the final premium beyond the date of death. Reserves are established to account for these practices. Surrender values are not promised in excess of the legally computed reserves.

(2) The Company does not issue policies on a substandard basis.

(3) As of the statement date, the Company had no life insurance in force for which the gross premiums were less than the net premiums according to the standards of valuation set by the State of California.

(4) The Tabular Interest, the Tabular Less Actual Reserve Released and the Tabular Cost have been determined by formulas as described in the instructions.

(5) The Company holds no life or annuity reserves not involving life contingencies.

(6) Other reserve changes are reductions of $596,551 during the nine months of 2010 for policies previously on waiver of premium.

31. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics:

A.	**Subject to discretionary withdrawal**		**0**
B.	**Not subject to discretionary withdrawal**		**0**
C.	**Total (gross: direct + assumed)**		**0**
D.	**Reinsurance ceded**		**0**
E.	**Total (net) (C) – (D)**	**$**	**0**
F.	**Life & Accident & Health Annual Statement:**		
	1. Liability, Surplus and Other Funds, Line 3, Column 1	**$**	**13,168**

32. Premiums and Annuity Considerations Deferred and Uncollected:

A. Deferred and uncollected life insurance premiums and annuity considerations as of the statement date were as follows:

		(1) Gross	(2) Loading	(3) Net of Loading
(1)	Industrial	$0	$0	$0
(2)	Ordinary new business	$0	$0	$0
(3)	Ordinary renewal	$128,955	$0	$128,955
(4)	Credit life	$0	$0	$0
(5)	Group life	$499,159	$0	$499,159
(6)	Group annuity	$0	$0	$0
(7)	Totals	$628,114	$0	$628,114

NOTES TO FINANCIAL STATEMENTS

33. Separate Accounts:

The Company has no separate accounts at September 30, 2010 and December 31, 2009.

34. Loss/Claim Adjustment Expenses:

A. The balance in the liability for unpaid accident and health claim adjustment expenses as of September 30, 2010 and December 31, 2009 was $1,802,000 and $1,806,000, respectively.
B. In the current year, the Company did not increase or decrease the provision for incurred loss/claim adjustment expenses of prior years.
C. Payments of loss/claim adjustment expenses are not applied against the provision for insured events. Therefore, payments made in current year are incurred in the same year.
D. The Company took into account estimated anticipated salvage and subrogation in its determination of the liability for unpaid claims/losses and reduced such liability by $0.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/16/2006

6.4 By what department or departments?

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] NA [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? .... Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? .... Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? .... Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .... $

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: .... $ 0

13. Amount of real estate and mortgages held in short-term investments: .... $ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? .... Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 0	$ 0
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 0	$ 0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? .... Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .... Yes [ ] No [ ]

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
The Northern Trust Company	Santa Barbara, California

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
107105	Black Rock Management, Inc	New York, New York

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - LIFE & HEALTH

	1 Amount
1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:	
1.1 Long-Term Mortgages In Good Standing	
1.11 Farm Mortgages	$ 0
1.12 Residential Mortgages	$ 0
1.13 Commercial Mortgages	$ 0
1.14 Total Mortgages in Good Standing	$ 0
1.2 Long-Term Mortgages In Good Standing with Restructured Terms	
1.21 Total Mortgages in Good Standing with Restructured Terms	$ 0
1.3 Long-Term Mortgages Loans upon which Interest is Overdue more than Three Months	
1.31 Farm Mortgages	$ 0
1.32 Residential Mortgages	$ 0
1.33 Commercial Mortgages	$ 0
1.34 Total Mortgages with Interest Overdue more than Three Months	$ 0
1.4 Long-Term Mortgages Loans in Process of Foreclosure	
1.41 Farm Mortgages	$ 0
1.42 Residential Mortgages	$ 0
1.43 Commercial Mortgages	$ 0
1.44 Total Mortgages in Process of Foreclosure	$ 0
1.5 Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2)	$ 0
1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
1.61 Farm Mortgages	$ 0
1.62 Residential Mortgages	$ 0
1.63 Commercial Mortgages	$ 0
1.64 Total Mortgages Foreclosed and Transferred to Real Estate	$ 0
2. Operating Percentages:	
2.1 A&H loss percent	0.0 %
2.2 A&H cost containment percent	0.0 %
2.3 A&H expense percent excluding cost containment expenses	0.0 %
3.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
3.2 If yes, please provide the amount of custodial funds held as of the reporting date.	$
3.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
3.4 If yes, please provide the balance of the funds administered as of the reporting date.	$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)

NONE

SCHEDULE T – PREMIUMS AND ANNUITY CONSIDERATIONS

Current Year To Date - Allocated by States and Territories

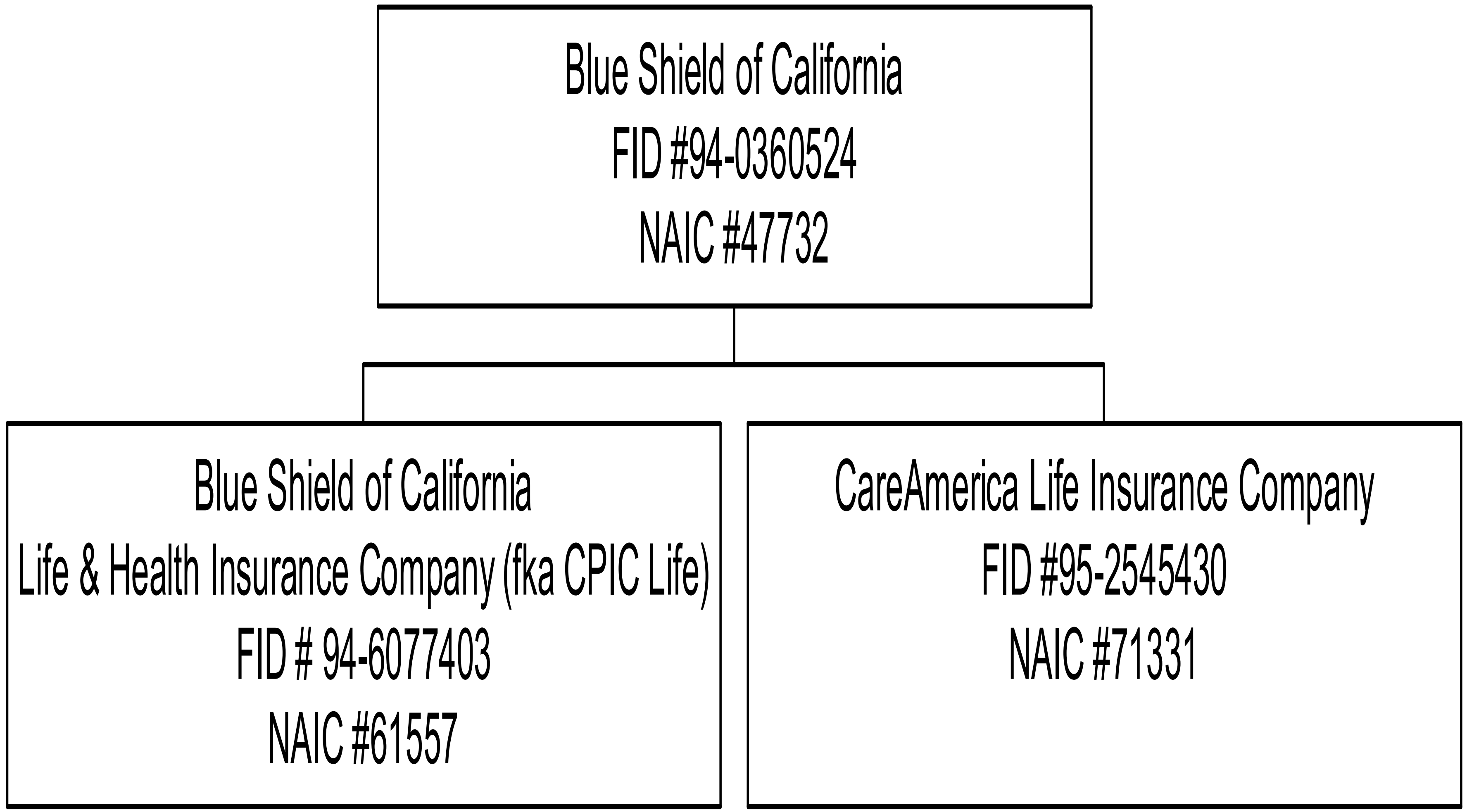
		Direct Business Only					
		Life Contracts		4	5	6	7
	1	2	3				
States, Etc.	Active Status	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Other Considerations	Total Columns 2 Through 5	Deposit - Type Contracts
1. Alabama AL	N					0	
2. Alaska AK	N					0	
3. Arizona AZ	N					0	
4. Arkansas AR	N					0	
5. California CA	L	7,109,718		1,005,813,617		1,012,923,335	
6. Colorado CO	N					0	
7. Connecticut CT	N					0	
8. Delaware DE	N					0	
9. District of Columbia DC	N					0	
10. Florida FL	N					0	
11. Georgia GA	N					0	
12. Hawaii HI	N					0	
13. Idaho ID	N					0	
14. Illinois IL	N					0	
15. Indiana IN	N					0	
16. Iowa IA	N					0	
17. Kansas KS	N					0	
18. Kentucky KY	N					0	
19. Louisiana LA	N					0	
20. Maine ME	N					0	
21. Maryland MD	N					0	
22. Massachusetts MA	N					0	
23. Michigan MI	N					0	
24. Minnesota MN	N					0	
25. Mississippi MS	N					0	
26. Missouri MO	N					0	
27. Montana MT	N					0	
28. Nebraska NE	N					0	
29. Nevada NV	N					0	
30. New Hampshire NH	N					0	
31. New Jersey NJ	N					0	
32. New Mexico NM	N					0	
33. New York NY	N					0	
34. North Carolina NC	N					0	
35. North Dakota ND	N					0	
36. Ohio OH	N					0	
37. Oklahoma OK	N					0	
38. Oregon OR	N					0	
39. Pennsylvania PA	N					0	
40. Rhode Island RI	N					0	
41. South Carolina SC	N					0	
42. South Dakota SD	N					0	
43. Tennessee TN	N					0	
44. Texas TX	N					0	
45. Utah UT	N					0	
46. Vermont VT	N					0	
47. Virginia VA	N					0	
48. Washington WA	N					0	
49. West Virginia WV	N					0	
50. Wisconsin WI	N					0	
51. Wyoming WY	N					0	
52. American Samoa AS	N					0	
53. Guam GU	N					0	
54. Puerto Rico PR	N					0	
55. US Virgin Islands VI	N					0	
56. Northern Mariana Islands MP	N					0	
57. Canada CN	N					0	
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59. Subtotal	(a) 1	7,109,718	0	1,005,813,617	0	1,012,923,335	0
90. Reporting entity contributions for employee benefit plans	XXX					0	
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					0	
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					0	
93. Premium or annuity considerations waived under disability or other contract provisions	XXX					0	
94. Aggregate other amounts not allocable by State	XXX	0	0	0	0	0	0
95. Totals (Direct Business)	XXX	7,109,718	0	1,005,813,617	0	1,012,923,335	0
96. Plus Reinsurance Assumed	XXX	0		0		0	
97. Totals (All Business)	XXX	7,109,718	0	1,005,813,617	0	1,012,923,335	0
98. Less Reinsurance Ceded	XXX	298,289		2,633,839		2,932,128	
99. Totals (All Business) less Reinsurance Ceded	XXX	6,811,429	0	1,003,179,778	0	1,009,991,207	0
DETAILS OF WRITE-INS							
5801.	XXX					0	
5802.	XXX					0	
5803.	XXX					0	
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	0	0	0	0
9401.	XXX					0	
9402.	XXX					0	
9403.	XXX					0	
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX	0	0	0	0	0	0
9499. Totals (Lines 9401 through 9403 + 9498) (Line 94 above)	XXX	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

		RESPONSE
1.	Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2.	Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
3.	Will the Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
4.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV be filed with the state of domicile and electronically with the NAIC?	NO
5.	Will the Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI be filed with the state of domicile and electronically with the NAIC?	NO
6.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) be filed with the state of domicile and electronically with the NAIC?	NO
7.	Will the Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC?	NO

Explanation:

1.

2.

3.

4.

5.

6.

7.

Bar Code:

1. 6 1 5 5 7 2 0 1 0 4 9 0 0 0 0 0 3

2. 6 1 5 5 7 2 0 1 0 3 6 5 0 0 0 0 3

3. 6 1 5 5 7 2 0 1 0 4 4 5 0 0 0 0 3

4. 6 1 5 5 7 2 0 1 0 4 4 6 0 0 0 0 3

5. 6 1 5 5 7 2 0 1 0 4 4 7 0 0 0 0 3

6. 6 1 5 5 7 2 0 1 0 4 4 8 0 0 0 0 3

7. 6 1 5 5 7 2 0 1 0 4 4 9 0 0 0 0 3

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

NONE

SCHEDULE B – VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1. Actual cost at time of acquisition		0
2.2. Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

NONE

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1. Actual cost at time of acquisition		0
2.2. Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

NONE

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	410,448,080	242,201,967
2. Cost of bonds and stocks acquired	654,917,585	501,088,461
3. Accrual of discount	442,627	559,657
4. Unrealized valuation increase (decrease)	0	66,622
5. Total gain (loss) on disposals	9,897,234	3,554,060
6. Deduct consideration for bonds and stocks disposed of	590,559,452	335,701,831
7. Deduct amortization of premium	1,858,213	835,946
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	484,910
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	483,287,861	410,448,080
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	483,287,861	410,448,080

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	402,623,402	217,599,692	212,590,008	987,755	401,928,669	402,623,402	408,620,841	416,583,503
2. Class 2 (a)	88,818,672	21,096,943	24,459,247	(1,570,051)	79,573,450	88,818,672	83,886,317	67,700,103
3. Class 3 (a)	1,421,090	2,223,750	2,355,321	(965)	1,586,334	1,421,090	1,288,554	1,720,186
4. Class 4 (a)	0	0	0	0	0	0	0	0
5. Class 5 (a)	0	0	0	0	0	0	0	0
6. Class 6 (a)	20	0	0	0	20	20	20	20
7. Total Bonds	492,863,184	240,920,385	239,404,576	(583,261)	483,088,473	492,863,184	493,795,732	486,003,812
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	492,863,184	240,920,385	239,404,576	(583,261)	483,088,473	492,863,184	493,795,732	486,003,812

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $ 9,993,858 ; NAIC 2 $ 0 ;
NAIC 3 $ 0 ; NAIC 4 $ 0 ; NAIC 5 $ 0 ; NAIC 6 $ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	10,507,872	XXX	10,507,500	28,517	0

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	74,904,876	64,047,979
2. Cost of short-term investments acquired	58,422,003	175,628,374
3. Accrual of discount	1,557	22,722
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals	0	20,511
6. Deduct consideration received on disposals	122,800,000	164,813,629
7. Deduct amortization of premium	20,564	1,081
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	10,507,872	74,904,876
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	10,507,872	74,904,876

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	650,856	0
2. Cost of cash equivalents acquired	25,995,259	328,645,098
3. Accrual of discount	1,127	5,470
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals	(365)	(42)
6. Deduct consideration received on disposals	26,645,921	327,999,387
7. Deduct amortization of premium	956	283
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	650,856
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	650,856

Schedule A - Part 2
NONE

Schedule A - Part 3
NONE

Schedule B - Part 2
NONE

Schedule B - Part 3
NONE

Schedule BA - Part 2
NONE

Schedule BA - Part 3
NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
313371-3R-5	Federal Home Loan Bank 0.850% 12/21/12		09/20/2010	Citigroup Global Markets		5,296,555	5,300,000	0	1
3134G1-VM-3	Freddie Mac 0.700% 09/28/12		09/22/2010	Citigroup Global Markets		5,200,000	5,200,000	0	1
3137EA-AM-1	Freddie Mac 5.000% 02/16/17		09/01/2010	Various		4,621,442	3,975,000	53,563	1
912810-EM-6	US Treasury Bond 7.250% 08/15/22		09/22/2010	Pierpoint Securities		2,606,414	1,800,000	15,249	1
912810-FE-3	US Treasury Bond 5.500% 08/15/28		07/01/2010	JP Morgan Secs		2,790,009	2,250,000	48,543	1
912810-FT-0	US Treasury Bond 4.500% 02/15/36		07/15/2010	Deutsche Bank Securities		1,083,910	1,000,000	18,771	1
912810-QD-3	US Treasury Bond 4.375% 11/15/39		07/14/2010	Deutsche Bank Securities		1,570,781	1,500,000	11,591	1
912810-QH-4	US Treasury Bond 4.375% 05/15/40		09/24/2010	Morgan Stanley		801,270	725,000	11,808	1
912810-QK-7	US Treasury Bond 3.875% 08/15/40		09/17/2010	Various		3,440,490	3,250,000	5,739	1
912828-MP-2	US Treasury 3.625% 02/15/20		09/30/2010	Various		8,339,596	7,675,000	53,474	1
912828-ND-8	US Treasury 3.500% 05/15/20		08/10/2010	Various		12,719,077	12,105,000	86,346	1
912828-NK-2	US Treasury 2.500% 06/30/17		09/27/2010	JP Morgan Secs		2,495,447	2,400,000	15,000	1
912828-NL-0	US Treasury 1.875% 06/30/15		07/12/2010	Various		4,562,980	4,550,000	3,419	1
912828-NP-1	US Treasury 1.750% 07/31/15		08/23/2010	Various		3,798,943	3,745,000	3,704	1
912828-NR-7	US Treasury 2.375% 07/31/17		08/25/2010	Various		11,141,692	10,995,000	8,744	1
912828-NT-3	US Treasury 2.625% 08/15/20		09/24/2010	Various		22,306,944	22,310,000	38,395	1
912828-NU-0	US Treasury 0.750% 08/15/13		08/31/2010	Citigroup Global Markets		3,404,793	3,400,000	1,178	1
912828-NV-8	US Treasury 1.250% 08/31/15		09/23/2010	Various		2,703,771	2,725,000	2,151	1
912828-NW-6	US Treasury 1.875% 08/31/17		09/17/2010	Various		7,491,506	7,560,000	2,753	1
912828-NY-2	US Treasury 0.750% 09/15/13		09/28/2010	Deutsche Bank Securities		4,495,415	4,480,000	1,299	1
0399999 - Total - Bonds - U.S. Government						110,871,035	106,945,000	381,727	XXX
Bonds - U.S. Special Revenue									
31292K-4U-8	FHLMC C03535 4.500% 08/01/40		07/22/2010	Nomura Sec Intl Inc		2,054,110	1,970,000	2,709	1
312941-3E-5	Freddie Mac A93497 4.500% 08/01/40		08/12/2010	UBS Securities LLC		1,565,877	1,497,551	2,434	1
312941-HS-9	Freddie Mac A92941 4.500% 07/01/40		07/21/2010	JP Morgan Secs		1,791,736	1,717,919	2,362	1
312941-NS-2	Freddie Mac Pool A93101 5.000% 07/01/4		09/20/2010	Citigroup Global Markets		10,780,514	10,215,471	17,026	1
312941-WJ-2	Freddie Mac 4.500% 08/01/40		09/23/2010	Deutsche Bank Securities		1,540,367	1,478,014	2,217	1
312942-LR-4	Freddie Mac A93936 4.500% 09/01/40		09/23/2010	UBS Securities LLC		2,286,155	2,190,000	3,285	1
31416W-P5-5	Fannie Mae AB1343 4.500% 08/01/40		08/11/2010	UBS Securities LLC		595,037	565,859	920	1
31416W-P6-3	Fannie Mae AB1344 4.500% 08/01/40		08/11/2010	UBS Securities LLC		990,708	942,970	1,532	1
31416W-P7-1	Fannie Mae AB1345 4.500% 08/01/40		08/11/2010	UBS Securities LLC		437,669	416,952	678	1
31418U-2K-9	Fannie Mae AD7077 4.500% 06/01/25		08/03/2010	Citigroup Global Markets		2,120,997	1,974,922	1,244	1
31418U-V9-2	Fannie Mae AD6939 4.500% 07/01/40		08/03/2010	Citigroup Global Markets		2,615,370	2,492,312	3,427	1
31418V-NH-1	Fannie Mae Pool AD7591 4.500% 07/01/40		07/30/2010	Credit Suisse First Boston		1,207,729	1,152,276	1,584	1
31418W-PL-8	Fannie Mae AD8526 4.500% 08/01/40		08/11/2010	UBS Securities LLC		679,558	646,813	1,051	1
31418W-PP-9	Fannie Mae AD8529 4.500% 08/01/40		07/28/2010	Wells Fargo Bank		2,813,484	2,700,000	3,713	1
31418X-EV-6	Fannie Mae AD9147 4.500% 08/01/40		08/11/2010	UBS Securities LLC		124,593	118,696	193	1
31419D-L7-4	Fannie Mae 4.500% 09/01/40		09/16/2010	Credit Suisse First Boston		3,825,402	3,670,000	5,505	1
626207-YF-5	Municipal Elec Auth GA 6.637% 04/01/57		08/03/2010	Goldman Sachs		504,465	500,000	13,366	1FE
3199999 - Totals - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Government and Their Political Subdivisions						35,933,771	34,249,755	63,246	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
00846U-AG-6	Agilent Technologies Inc 5.000% 07/15/		07/13/2010	Credit Suisse First Boston		348,373	350,000	0	2FE
0258M0-DA-4	American Express Credit Co 2.750% 09/1		09/08/2010	Goldman Sachs		1,988,320	2,000,000	0	1FE
032511-BH-9	Anadarko Petroleum Corp 6.375% 09/15/1		08/10/2010	Various		2,223,750	2,225,000	177	3FE
03523T-AV-0	Anheuser Busch Inbev Wor 5.000% 04/15/		09/02/2010	Tax Free Exchange		2,783,286	2,800,000	59,500	2FE
037389-AV-5	Aon Corp 3.500% 09/30/15		09/07/2010	Credit Suisse First Boston		1,094,687	1,100,000	0	2FE
037389-AW-3	Aon Corp 5.000% 09/30/20		09/09/2010	Various		653,509	655,000	364	2FE
05569A-AB-5	BP Ami Leasing Inc. 144A 5.523% 05/08/		07/16/2010	Credit Suisse First Boston		190,500	200,000	2,240	1FE
06051G-EC-9	Bank of America Corp 5.625% 07/01/20		09/24/2010	JP Morgan Secs		310,069	295,000	4,471	1FE
099724-AG-1	BorgWarner Inc 4.625% 09/15/20		09/13/2010	Morgan Stanley		470,207	475,000	0	2FE
12189L-AB-7	Burlington North Santa Fe 3.600% 09/01		09/07/2010	Wells Fargo Bank		569,248	570,000	0	2FE
12189L-AC-5	Burlington North Santa Fe 5.050% 03/01		09/07/2010	Wells Fargo Bank		498,155	500,000	0	2FE
172967-FF-3	Citigroup Inc 5.375% 08/09/20		09/27/2010	Deutsche Bank Securities		388,001	375,000	2,855	1FE
202795-HV-5	Commonwealth Edison 4.000% 08/01/20		07/26/2010	Various		1,905,084	1,900,000	0	2FE
25459H-AV-7	Directv Holdings/Finance 3.125% 02/15/		08/10/2010	JP Morgan Secs		999,350	1,000,000	0	2FE
25746U-BJ-7	Dominion Resources Inc 2.250% 09/01/15		08/30/2010	Morgan Stanley		1,572,701	1,575,000	0	2FE
263901-AC-4	Duke Energy Indiana Inc. 3.750% 07/15/		08/31/2010	Various		1,700,705	1,680,000	1,969	1FE
38141E-A6-6	Goldman Sachs Group Inc. 6.000% 06/15/		09/27/2010	Various		4,875,075	4,585,000	48,074	1FE
382388-AX-4	BF Goodrich Co 3.600% 02/01/21		09/08/2010	Citigroup Global Markets		823,251	825,000	0	2FE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
428236-BC-6	Hewlett-Packard Co 2.125% 09/13/15		09/08/2010	Citigroup Global Markets		1,648,136	1,650,000	0	1FE
441060-AL-4	Hospira, Inc 5.600% 09/15/40		09/07/2010	Various		578,545	575,000	0	2FE
46625H-HS-2	JP Morgan Chase & Co 4.400% 07/22/20		09/24/2010	JP Morgan Secs		2,698,837	2,665,000	18,340	1FE
52108R-AE-2	LB UBS Commercial Mortgage 2006-C4 A 4		08/11/2010	Goldman Sachs		1,550,634	1,425,000	1,164	1FE
55907R-AA-6	Magellan Midstream Partn 4.250% 02/01/		08/04/2010	JP Morgan Secs		572,890	575,000	0	2FE
58013M-EJ-9	McDonalds Corp 3.500% 07/15/20		07/28/2010	JP Morgan Secs		637,453	640,000	0	1FE
59156R-AX-6	Metlife Inc 4.750% 02/08/21		08/03/2010	Various		2,134,844	2,125,000	0	1FE
594918-AG-9	Microsoft Corp 1.625% 09/25/15		09/22/2010	JP Morgan Secs		2,065,891	2,075,000	0	1FE
61750W-AX-1	Morgan Stanley Capital MSC 2006-1Q12 A4		07/30/2010	JP Morgan Secs		2,571,838	2,480,000	1,469	1FE
62875U-AJ-4	NBC Universal Inc. 144A 2.875% 04/01/1		09/27/2010	JP Morgan Secs		3,997,800	4,000,000	0	2FE
651229-AK-2	Newell Rubbermaid Inc 4.700% 08/15/20		08/02/2010	Goldman Sachs		599,760	600,000	0	2FE
665772-CF-4	Northern States Power 1.950% 08/15/15		08/04/2010	Citigroup Global Markets		648,707	650,000	0	1FE
682134-AC-5	Omnicom Group Inc. 4.450% 08/15/20		08/02/2010	JP Morgan Secs		647,751	650,000	0	2FE
68389X-AJ-4	Oracle Corporation Series 144A 3.875%		07/12/2010	JP Morgan Secs		1,696,243	1,700,000	0	1FE
70109H-AK-1	Parker Hannifin Corp 3.500% 09/15/22		09/07/2010	Morgan Stanley		321,256	325,000	0	1FE
744560-AX-4	Pub Svc Elect & Gas MTN 3.500% 08/15/2		08/03/2010	Wells Fargo Bank		389,017	390,000	0	1FE
74930A-AA-5	RBSCF Trust 2010-RR4 CMLA Series 144A		07/27/2010	Greenwich Capital Markets		2,604,047	2,450,000	3,385	1FE
80282G-AC-9	Santander Drive Auto Receivabl 1.240%		08/19/2010	Credit Suisse First Boston		1,554,735	1,555,000	0	1FE
871503-AH-1	Symantec Corporation 4.200% 09/15/20		09/13/2010	Morgan Stanley		687,323	690,000	0	2FE
91159H-GX-2	US Bancorp 2.450% 07/27/15		07/22/2010	Morgan Stanley		6,868,263	6,875,000	0	1FE
125094-AD-4	CDP Financial Series 144A 4.400% 11/25	A	07/22/2010	RBC Capital Markets		1,043,150	1,000,000	7,578	1FE
136069-DP-3	Canadian Imperial Bank of Comm 1.450%	A	09/07/2010	JP Morgan Secs		1,073,775	1,075,000	0	1FE
15135U-AB-5	Cenovus Energy Inc. 4.500% 09/15/14	A	07/08/2010	Tax Free Exchange		1,079,118	1,080,000	15,255	2FE
15135U-AD-1	Cenovus Energy Inc. 5.700% 10/15/19	A	07/06/2010	Tax Free Exchange		641,050	600,000	7,695	2FE
56501R-AA-4	Manulife Financial Corporation 3.400%	A	09/14/2010	Morgan Stanley		2,745,985	2,750,000	0	1FE
878742-AT-2	Teck Resources Limited 4.500% 01/15/21	A	09/08/2010	JP Morgan Secs		574,856	575,000	0	2FE
055451-AF-5	BHP Finance USA Ltd 5.400% 03/29/17	F	09/09/2010	Nomura Sec Intl Inc		225,720	200,000	4,950	1FE
05565Q-BF-4	BP Capital Markets Plc. 5.250% 11/07/1	F	08/05/2010	Various		2,663,914	2,628,000	32,306	1FE
05565Q-BH-0	BP Capital Markets Plc. 3.875% 03/10/1	F	07/27/2010	Credit Suisse First Boston		700,875	750,000	10,683	1FE
05565Q-BL-1	BP Capital Markets Plc. 3.625% 05/08/1	F	07/16/2010	Credit Suisse First Boston		728,200	770,000	5,660	1FE
05565Q-BM-9	BP Capital Markets PLC 1.550% 08/11/11	F	07/22/2010	Bank of New York		459,719	470,000	3,359	1FE
05565Q-BN-7	BP Capital Markets Plc. 3.125% 10/01/1	F	09/28/2010	Greenwich Capital Markets		1,495,740	1,500,000	0	1FE
35177P-AU-1	France Telecom 2.125% 09/16/15	F	09/07/2010	Citigroup Global Markets		895,212	900,000	0	1Z
85771P-AB-8	StatOil ASA 3.125% 08/17/17	F	08/10/2010	JP Morgan Secs		823,202	825,000	0	1Z
3899999 - Totals - Bonds - Industrial and Miscellaneous (Unaffiliated)						73,018,757	72,328,000	231,494	XXX
8399997 - Subtotals- Bonds - Part 3						219,823,563	213,522,755	676,467	XXX
8399999 - Subtotals - Bonds						219,823,563	213,522,755	676,467	XXX
9999999 Totals						219,823,563	XXX	676,467	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0 .

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
Bonds - U.S. Governments																					
3128X2-TM-7	Freddie Mac 5.000% 01/30/14		08/04/2010	Goldman Sachs		1,013,769	900,000	927,000	923,193	0	(3,131)	0	(3,131)	0	920,063	0	93,706	93,706	45,625	01/30/2014	1
3128X9-TN-0	Freddie Mac 2.125% 01/14/13		08/05/2010	UBS Securities LLC		2,016,975	2,000,000	2,015,620	0	0	(6,653)	0	(6,653)	0	2,008,967	0	8,008	8,008	21,011	01/14/2013	1
313371-3R-5	Federal Home Loan Bank 0.850% 12/21/12		09/30/2010	Morgan Stanley		4,449,937	4,450,000	4,447,108	0	0	31	0	31	0	4,447,139	0	2,798	2,798	962	12/21/2012	1
3137EA-CH-0	Freddie Mac 2.875% 02/09/15		08/06/2010	Morgan Stanley		1,056,905	1,000,000	1,018,142	0	0	(820)	0	(820)	0	1,017,322	0	39,583	39,583	16,931	02/09/2015	1
31398A-SD-5	Fannie Mae 3.875% 07/12/13		08/04/2010	Various		2,615,847	2,415,000	2,454,751	2,444,798	0	(4,536)	0	(4,536)	0	2,440,262	0	175,586	175,586	96,896	07/12/2013	1
36200Q-2C-7	GNMA Pool 569671 6.000% 02/15/17		09/01/2010	Paydown		11,832	11,832	12,006	11,943	0	(111)	0	(111)	0	11,832	0	0	0	469	02/15/2017	1
36200Q-YX-6	GNMA Pool 569626 6.000% 02/15/17		09/01/2010	Paydown		426	426	432	430	0	(4)	0	(4)	0	426	0	0	0	17	02/15/2017	1
36201P-3P-8	GNMA Pool 589506 6.000% 10/15/32		09/01/2010	Paydown		3,434	3,434	3,573	3,566	0	(132)	0	(132)	0	3,434	0	0	0	146	10/15/2032	1
36202E-QZ-5	GNMA2 Pool 4072 5.500% 01/20/38		09/01/2010	Paydown		58,001	58,001	57,784	57,784	0	217	0	217	0	58,001	0	0	0	2,152	01/20/2038	1
36202S-BT-4	GNMA Pool 607650 6.000% 02/15/33		09/01/2010	Paydown		1,278	1,278	1,329	1,327	0	(49)	0	(49)	0	1,278	0	0	0	46	02/15/2033	1
36291F-LJ-5	GNMA Pool 626829 6.000% 06/15/35		09/01/2010	Paydown		32,013	32,013	32,483	32,468	0	(455)	0	(455)	0	32,013	0	0	0	1,422	06/15/2035	1
36295N-A6-4	GNMA Pool 675129 5.500% 02/15/38		09/01/2010	Paydown		47,308	47,308	47,544	47,538	0	(230)	0	(230)	0	47,308	0	0	0	1,790	02/15/2038	1
36297J-5C-4	GNMA Pool 713743 4.500% 08/15/39		09/01/2010	Paydown		106,307	106,307	108,795	108,791	0	(2,484)	0	(2,484)	0	106,307	0	0	0	3,428	08/15/2039	1
36297J-XR-0	GNMA Pool 713588 4.500% 07/15/24		09/01/2010	Paydown		24,947	24,947	25,968	0	0	(1,021)	0	(1,021)	0	24,947	0	0	0	656	07/15/2024	1
912810-FE-3	US Treasury Bond 5.500% 08/15/28		07/21/2010	Morgan Stanley		2,215,692	1,775,000	2,201,007	0	0	(860)	0	(860)	0	2,200,148	0	15,545	15,545	43,419	08/15/2028	1
912810-QB-7	US Treasury Bond 4.250% 05/15/39		09/27/2010	Various		2,585,117	2,450,000	2,551,670	0	0	(186)	0	(186)	0	2,551,484	0	33,633	33,633	24,570	05/15/2039	1
912810-QD-3	US Treasury Bond 4.375% 11/15/39		09/10/2010	Various		1,622,512	1,500,000	1,570,781	0	0	(75)	0	(75)	0	1,570,707	0	51,806	51,806	16,403	11/15/2039	1
912810-QH-4	US Treasury Bond 4.375% 05/15/40		09/27/2010	Morgan Stanley		810,355	725,000	801,270	0	0	(3)	0	(3)	0	801,266	0	9,088	9,088	11,895	05/15/2040	1
912810-QK-7	US Treasury Bond 3.875% 08/15/40		09/01/2010	Morgan Stanley		3,121,043	3,000,000	3,192,158	0	0	(70)	0	(70)	0	3,192,089	0	(71,046)	(71,046)	7,266	08/15/2040	1
912828-CT-5	US Treasury 4.250% 08/15/14		07/01/2010	Morgan Stanley		72,251	65,000	68,837	68,035	0	(309)	0	(309)	0	67,725	0	4,526	4,526	2,427	08/15/2014	1
912828-KJ-8	US Treasury 1.750% 03/31/14		07/01/2010	Morgan Stanley		380,140	375,000	364,659	365,852	0	1,036	0	1,036	0	366,889	0	13,252	13,252	4,949	03/31/2014	1
912828-LY-4	US Treasury 3.375% 11/15/19		08/10/2010	Various		6,504,719	6,275,000	6,377,236	0	0	(558)	0	(558)	0	6,376,679	0	128,041	128,041	65,038	11/15/2019	1
912828-MP-2	US Treasury 3.625% 02/15/20		07/15/2010	Goldman Sachs		2,042,979	1,951,000	2,070,604	0	0	(413)	0	(413)	0	2,070,191	0	(27,212)	(27,212)	29,501	02/15/2020	1
912828-ND-8	US Treasury 3.500% 05/15/20		08/17/2010	Various		15,955,167	15,155,000	15,701,634	0	0	(4,175)	0	(4,175)	0	15,697,459	0	257,707	257,707	114,392	05/15/2020	1
912828-NE-6	US Treasury 0.750% 05/31/12		07/01/2010	RBS Trust		290,860	290,000	289,944	0	0	1	0	1	0	289,946	0	914	914	190	05/31/2012	1
912828-NF-3	US Treasury 2.125% 05/31/15		07/22/2010	JP Morgan Secs		920,352	900,000	904,714	0	0	(80)	0	(80)	0	904,634	0	15,719	15,719	2,978	05/31/2015	1
912828-NG-1	US Treasury 2.750% 05/31/17		08/10/2010	Various		556,475	535,000	538,973	0	0	(92)	0	(92)	0	538,881	0	17,594	17,594	2,960	05/31/2017	1
912828-NL-0	US Treasury 1.875% 06/30/15		07/22/2010	Morgan Stanley		4,593,530	4,550,000	4,562,980	0	0	(84)	0	(84)	0	4,562,896	0	30,634	30,634	6,259	06/30/2015	1
912828-NP-1	US Treasury 1.750% 07/31/15		09/07/2010	Various		3,808,289	3,745,000	3,798,943	0	0	(434)	0	(434)	0	3,798,509	0	9,780	9,780	6,536	07/31/2015	1
912828-NR-7	US Treasury 2.375% 07/31/17		09/15/2010	Various		11,118,132	10,995,000	11,141,692	0	0	(1,081)	0	(1,081)	0	11,140,611	0	(22,480)	(22,480)	18,203	07/31/2017	1

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value 11	12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
912828-NT-3	US Treasury 2.625% 08/15/20		09/27/2010	Various		22,317,930	22,310,000	22,306,944	0	0	44	0	44	0	22,306,988	0	10,941	10,941	52,947	08/15/2020	1
912828-NU-0	US Treasury 0.750% 08/15/13		09/01/2010	JP Morgan Secs		3,399,192	3,400,000	3,404,793	0	0	(27)	0	(27)	0	3,404,766	0	(5,574)	(5,574)	1,594	08/15/2013	1
912828-NV-8	US Treasury 1.250% 08/31/15		09/28/2010	Various		2,721,801	2,725,000	2,703,771	0	0	70	0	70	0	2,703,841	0	17,961	17,961	2,663	08/31/2015	1
912828-NW-6	US Treasury 1.875% 08/31/17		09/15/2010	Various		3,030,790	3,075,000	3,060,219	0	0	66	0	66	0	3,060,285	0	(29,495)	(29,495)	2,401	08/31/2017	1
912828-NY-2	US Treasury 0.750% 09/15/13		09/29/2010	Morgan Stanley		4,494,000	4,480,000	4,495,415	0	0	(14)	0	(14)	0	4,495,401	0	(1,401)	(1,401)	1,392	09/15/2013	1
0399999 - Totals - Bonds - U.S. Governments						104,000,305	101,326,546	103,260,779	4,065,725	0	(26,622)	0	(26,622)	0	103,220,694	0	779,614	779,614	609,534	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
13062T-H6-4	California State Ref 4.500% 08/01/30		09/02/2010	Smith Barney		1,993,100	2,075,000	1,922,488	1,923,653	0	2,966	0	2,966	0	1,926,618	0	66,482	66,482	102,972	08/01/2030	1FE
882721-VR-1	Texas St Trans Commn-Mobility FD 5.000		09/02/2010	Donaldson Lufkin Jenrette		350,559	330,000	350,546	349,947	0	(1,649)	0	(1,649)	0	348,298	0	2,261	2,261	15,446	04/01/2037	1FE
1799999 - Totals - Bonds - U.S. States, Territories and Possessions						2,343,659	2,405,000	2,273,034	2,273,600	0	1,317	0	1,317	0	2,274,916	0	68,743	68,743	118,418	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
64966E-CJ-4	New York NY Ser J 5.000% 03/01/30		09/02/2010	Smith Barney		159,335	150,000	157,089	156,793	0	(821)	0	(821)	0	155,972	0	3,363	3,363	7,646	03/01/2030	1FE
902273-SS-1	Tyler Tes Indpt Sch Dist Sch Bldg 5.00		09/02/2010	Donaldson Lufkin Jenrette		160,758	150,000	159,374	159,176	0	(646)	0	(646)	0	158,530	0	2,228	2,228	11,792	02/15/2034	1FE
2499999 - Totals - Bonds - Political Subdivisions of States, Territories and Possessions						320,093	300,000	316,463	315,969	0	(1,467)	0	(1,467)	0	314,502	0	5,591	5,591	19,438	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
31283K-FR-4	FHLMC Giant Pool G11076 6.000% 12/01/1		09/01/2010	Paydown		2,587	2,587	2,591	2,585	0	2	0	2	0	2,587	0	0	0	104	12/01/2012	1
31288J-ZR-0	FHLMC Gold Pool C79752 5.500% 05/01/33		09/01/2010	Goldman Sachs		2,100,661	1,951,834	1,973,694	1,973,528	0	599	0	599	0	1,974,127	0	126,534	126,534	84,390	05/01/2033	1
31288J-ZR-0	FHLMC Gold Pool C79752 5.500% 05/01/33		09/01/2010	Paydown		113,677	113,677	114,951	114,941	0	(1,264)	0	(1,264)	0	113,677	0	0	0	4,171	05/01/2033	1
3128EW-2M-1	FHLMC Gold Pool D60780 8.000% 06/01/25		09/01/2010	Paydown		2,304	2,304	2,359	2,344	0	(40)	0	(40)	0	2,304	0	0	0	109	06/01/2025	1
3128KA-3X-7	FHLMC Gold Pool A49814 6.000% 06/01/36		09/01/2010	Paydown		183,240	183,240	179,630	179,643	0	3,596	0	3,596	0	183,240	0	0	0	7,332	06/01/2036	1
3128KV-3A-1	FHLMC Gold Pool A65293 6.000% 09/01/37		09/01/2010	Paydown		2,630	2,630	2,699	2,698	0	(68)	0	(68)	0	2,630	0	0	0	105	09/01/2037	1
3128LX-JR-2	FHLMC Gold Gold Pool G02072 5.500% 03/		09/01/2010	Paydown		17,522	17,522	16,845	16,861	0	662	0	662	0	17,522	0	0	0	640	03/01/2036	1
3128M4-AZ-6	FHMLC Pool G02424 5.500% 12/01/36		09/01/2010	Paydown		40,939	40,939	39,938	39,956	0	983	0	983	0	40,939	0	0	0	1,517	12/01/2036	1
3128M5-VS-6	FHLMC Pool G03925 5.500% 03/01/38		09/01/2010	Paydown		26,246	26,246	25,579	25,593	0	652	0	652	0	26,246	0	0	0	968	03/01/2038	1
3128M6-AQ-1	FHLMC Pool G04215 5.500% 05/01/38		09/01/2010	Paydown		317,368	317,368	309,137	309,317	0	8,052	0	8,052	0	317,368	0	0	0	11,808	05/01/2038	1
3128M7-F8-4	Freddie Mac Gold Pool G05291 5.000% 12		09/01/2010	Paydown		190,785	190,785	195,495	195,403	0	(4,618)	0	(4,618)	0	190,785	0	0	0	6,475	12/01/2034	1
3128PQ-4E-8	Freddie Mac Gold Pool J11721 4.500% 02		09/01/2010	Paydown		64,955	64,955	67,817	0	0	(2,862)	0	(2,862)	0	64,955	0	0	0	1,223	02/01/2025	1
3128QS-D2-9	FHLMC Pool 1G1921 5.360% 05/01/37		09/01/2010	Paydown		130,003	130,003	136,503	136,422	0	(6,419)	0	(6,419)	0	130,003	0	0	0	4,501	05/01/2037	1
3128QS-PN-0	FHLMC Pool 1G2229 6.287% 09/01/37		09/01/2010	Paydown		366,646	366,646	388,874	390,103	0	(23,456)	0	(23,456)	0	366,646	0	0	0	7,367	09/01/2037	1
312927-2Y-1	FHLMC Gold Pool A81691 6.000% 09/01/38		09/01/2010	Paydown		7,930	7,930	8,137	8,133	0	(202)	0	(202)	0	7,930	0	0	0	326	09/01/2038	1
312927-3E-4	FHLMC Gold Pool A81697 6.000% 09/01/38		09/01/2010	Paydown		17,993	17,993	18,483	18,473	0	(480)	0	(480)	0	17,993	0	0	0	736	09/01/2038	1
312927-A2-2	FHLMC Gold Pool A80925 6.000% 08/01/38		09/01/2010	Paydown		1,487	1,487	1,527	1,526	0	(39)	0	(39)	0	1,487	0	0	0	53	08/01/2038	1
312927-BG-0	FHLMC Gold Pool A80939 6.000% 08/01/38		09/01/2010	Paydown		2,859	2,859	2,935	2,933	0	(74)	0	(74)	0	2,859	0	0	0	121	08/01/2038	1
312927-CS-3	FHLMC Gold Pool A80981 6.000% 08/01/38		09/01/2010	Paydown		3,071	3,071	3,154	3,152	0	(80)	0	(80)	0	3,071	0	0	0	137	08/01/2038	1
312927-N4-4	FHLMC Gold Pool A81311 6.000% 08/01/38		09/01/2010	Paydown		10,102	10,102	10,372	10,364	0	(262)	0	(262)	0	10,102	0	0	0	410	08/01/2038	1
31292G-ZF-6	FHLMC Gold Pool C00742 6.500% 04/01/29		09/01/2010	Paydown		15,422	15,422	15,273	15,282	0	140	0	140	0	15,422	0	0	0	667	04/01/2029	1

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
31292K-4U-8	FHLMC C03535 4.500% 08/01/40		08/31/2010	Citigroup Global Markets		2,050,851	1,943,359	2,026,331	0	0	(204)	0	(204)	0	2,026,127	0	24,724	24,724	3,158	08/01/2040	1
31292K-4U-8	FHLMC C03535 4.500% 08/01/40		09/01/2010	Paydown		26,641	26,641	27,778	0	0	(1,137)	0	(1,137)	0	26,641	0	0	0	7,388	08/01/2040	1
312936-R4-1	Freddie Mac Pool A89507 4.500% 10/01/3		07/22/2010	Nomura Sec Intl Inc		2,042,797	1,963,859	2,012,342	0	0	(212)	0	(212)	0	2,012,129	0	30,667	30,667	10,065	10/01/2039	1
312936-R4-1	Freddie Mac Pool A89507 4.500% 10/01/3		08/01/2010	Paydown		18,545	18,545	19,002	0	0	(458)	0	(458)	0	18,545	0	0	0	7,448	10/01/2039	1
312937-BL-8	Freddie Mac Pool A89943 5.000% 11/01/3		09/20/2010	Nomura Sec Intl Inc		4,374,490	4,100,284	4,269,357	0	0	(1,258)	0	(1,258)	0	4,268,099	0	106,392	106,392	141,422	11/01/2039	1
312937-BL-8	Freddie Mac Pool A89943 5.000% 11/01/3		09/01/2010	Paydown		89,568	89,568	93,261	0	0	(3,693)	0	(3,693)	0	89,568	0	0	0	2,563	11/01/2039	1
312938-PE-7	FGLMC Pool A90421 4.500% 12/01/39		07/21/2010	JP Morgan Secs		1,767,221	1,698,230	1,724,168	1,724,118	0	(231)	0	(231)	0	1,723,887	0	43,334	43,334	46,914	12/01/2039	1
312938-PE-7	FGLMC Pool A90421 4.500% 12/01/39		08/01/2010	Paydown		33,749	33,749	34,264	34,263	0	(514)	0	(514)	0	33,749	0	0	0	7,333	12/01/2039	1
312938-Z9-7	FGLMC Pool A90768 5.000% 01/01/40		09/20/2010	JP Morgan Secs		5,135,874	4,845,164	5,016,637	0	0	(971)	0	(971)	0	5,015,666	0	120,207	120,207	129,204	01/01/2040	1
312938-Z9-7	FGLMC Pool A90768 5.000% 01/01/40		09/01/2010	Paydown		73,164	73,164	75,753	0	0	(2,589)	0	(2,589)	0	73,164	0	0	0	1,525	01/01/2040	1
312939-VE-8	Freddie Mac Gold Pool A91513 4.500% 03		08/31/2010	Citigroup Global Markets		1,146,353	1,086,269	1,100,484	0	0	(180)	0	(180)	0	1,100,304	0	46,049	46,049	22,133	03/01/2040	1
312939-VE-8	Freddie Mac Gold Pool A91513 4.500% 03		09/01/2010	Paydown		17,391	17,391	17,619	0	0	(228)	0	(228)	0	17,391	0	0	0	4,417	03/01/2040	1
312940-EP-0	Freddie Mac Pool A91942 4.500% 04/01/4		09/01/2010	Paydown		70,614	70,614	72,413	0	0	(1,798)	0	(1,798)	0	70,614	0	0	0	578	04/01/2040	1
312941-HS-9	Freddie Mac A92941 4.500% 07/01/40		09/01/2010	Paydown		2,526	2,526	2,635	0	0	(109)	0	(109)	0	2,526	0	0	0	9	07/01/2040	1
31294K-HR-9	FHLMC Gold Pool E01140 6.000% 05/01/17		09/01/2010	Paydown		5,521	5,521	5,588	5,565	0	(44)	0	(44)	0	5,521	0	0	0	219	05/01/2017	1
31294K-P4-1	FHLMC Gold Pool E01343 5.000% 04/01/18		09/01/2010	Paydown		93,126	93,126	93,243	93,182	0	(56)	0	(56)	0	93,126	0	0	0	3,124	04/01/2018	1
31359V-XU-2	FNMA 1999-13 PH 6.000% 04/25/29		09/01/2010	Paydown		66,256	66,256	67,198	67,154	0	(898)	0	(898)	0	66,256	0	0	0	2,746	02/25/2029	1
313615-SS-6	FNMA Pool 50929 6.500% 11/01/23		09/01/2010	Paydown		376	376	341	346	0	30	0	30	0	376	0	0	0	16	11/01/2023	1
31371K-F5-5	FNMA Pool 254088 5.500% 12/01/16		09/01/2010	Paydown		4,631	4,631	4,664	4,648	0	(17)	0	(17)	0	4,631	0	0	0	169	12/01/2016	1
31371K-RU-7	FNMA Pool 254399 6.500% 06/01/12		09/01/2010	Paydown		8,216	8,216	8,523	8,300	0	(84)	0	(84)	0	8,216	0	0	0	358	06/01/2012	1
31374T-D2-2	FNMA Pool 323321 6.500% 10/01/13		09/01/2010	Paydown		2,301	2,301	2,408	2,352	0	(51)	0	(51)	0	2,301	0	0	0	99	10/01/2013	1
31376K-TT-3	FNMA Pool 357962 5.500% 09/01/35		09/01/2010	Paydown		19,398	19,398	19,389	19,388	0	10	0	10	0	19,398	0	0	0	720	09/01/2035	1
31380N-WU-4	FNMA Pool 445359 5.500% 01/01/14		09/01/2010	Paydown		941	941	918	926	0	15	0	15	0	941	0	0	0	34	01/01/2014	1
31380X-L6-7	FNMA Pool 453149 5.500% 09/01/13		09/01/2010	Paydown		1,784	1,784	1,751	1,768	0	17	0	17	0	1,784	0	0	0	65	09/01/2013	1
31380Y-YR-5	FNMA Pool 454420 5.500% 12/01/13		09/01/2010	Paydown		1,600	1,600	1,570	1,581	0	19	0	19	0	1,600	0	0	0	59	12/01/2013	1
31381B-6T-1	FNMA Pool 456382 5.500% 12/01/13		09/01/2010	Paydown		5,467	5,467	5,335	5,397	0	70	0	70	0	5,467	0	0	0	214	12/01/2013	1
31382T-J4-2	FNMA Pool 491783 6.000% 03/01/14		09/01/2010	Paydown		1,397	1,397	1,343	1,366	0	31	0	31	0	1,397	0	0	0	56	03/01/2014	1
31384W-K7-4	FNMA Pool 535918 6.500% 05/01/30		09/01/2010	Paydown		4,271	4,271	4,247	4,247	0	24	0	24	0	4,271	0	0	0	185	05/01/2030	1
31385X-GA-9	FNMA Pool 555593 6.000% 02/01/18		09/01/2010	Paydown		4,283	4,283	4,457	4,406	0	(123)	0	(123)	0	4,283	0	0	0	170	02/01/2018	1
31385X-NR-4	FNMA Pool 555800 5.500% 10/01/33		08/12/2010	Goldman Sachs		1,082,334	1,003,904	999,473	999,488	0	2	0	2	0	999,490	0	82,844	82,844	38,804	10/01/2033	1
31385X-NR-4	FNMA Pool 555800 5.500% 10/01/33		09/01/2010	Paydown		74,386	74,386	74,058	74,059	0	327	0	327	0	74,386	0	0	0	7,376	10/01/2033	1
31386X-RX-6	FNMA Pool 576602 6.000% 12/01/13		09/01/2010	Paydown		9,224	9,224	9,218	9,201	0	22	0	22	0	9,224	0	0	0	366	12/01/2013	1
31387M-B4-0	FNMA Pool 587859 5.500% 12/01/16		09/01/2010	Paydown		963	963	970	967	0	(4)	0	(4)	0	963	0	0	0	35	12/01/2016	1

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										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
31388D-A5-7	FNMA Pool 601328 6.000% 09/01/16		09/01/2010	Paydown		665	665	672	668	0	(4)	0	(4)	0	665	0	0	0	27	09/01/2016	1
31390U-F5-0	FNMA Pool 656388 5.500% 08/01/17		09/01/2010	Paydown		12,572	12,572	12,738	12,695	0	(124)	0	(124)	0	12,572	0	0	0	476	08/01/2017	1
31393T-JZ-0	Fannie Mae Remics FNR 2003-81 GE 4.500		09/01/2010	Paydown		345,732	345,732	364,450	0	0	(18,718)	0	(18,718)	0	345,732	0	0	0	6,336	12/25/2014	1
31394E-DP-0	FNMA 2005-58 MA 5.500% 07/25/35		09/01/2010	Paydown		44,344	44,344	45,952	45,686	0	(1,341)	0	(1,341)	0	44,344	0	0	0	1,619	12/25/2033	1
31395P-LL-4	Freddie Mac FHR 2953 AC 5.000% 01/15/2		09/01/2010	Paydown		412,801	412,801	432,667	0	0	(19,866)	0	(19,866)	0	412,801	0	0	0	8,636	10/15/2012	1
31395T-K8-6	Freddie Mac 2957 HB 5.000% 08/15/32		09/07/2010	Goldman Sachs		3,491,885	3,361,622	3,529,703	0	0	(33,188)	0	(33,188)	0	3,496,514	0	(4,630)	(4,630)	115,322	03/15/2013	1
31395T-K8-6	Freddie Mac 2957 HB 5.000% 08/15/32		09/01/2010	Paydown		499,921	499,921	524,917	0	0	(24,996)	0	(24,996)	0	499,921	0	0	0	14,850	03/15/2013	1
31396Y-R3-8	Fanne Mae Remics FNR 2008-26 A 4.500%		09/01/2010	Paydown		362,198	362,198	383,364	0	0	(21,166)	0	(21,166)	0	362,198	0	0	0	6,761	02/25/2016	1
31401B-P6-6	FNMA Pool 703445 5.000% 05/01/18		09/01/2010	Paydown		51,058	51,058	51,732	51,537	0	(479)	0	(479)	0	51,058	0	0	0	1,736	05/01/2018	1
31402C-PL-0	FNMA Pool 725027 5.000% 11/01/33		09/01/2010	Paydown		360,820	360,820	353,435	353,586	0	7,234	0	7,234	0	360,820	0	0	0	12,354	11/01/2033	1
31402C-U6-7	FNMA Pool 725205 5.000% 03/01/34		09/01/2010	Paydown		259	259	271	0	0	(12)	0	(12)	0	259	0	0	0	6	03/01/2034	1
31402E-X3-7	FNMA Pool 727098 5.000% 08/01/33		09/28/2010	Citigroup Global Markets		4,552,043	4,301,989	4,238,804	4,240,045	0	234	0	234	0	4,240,279	0	311,763	311,763	168,495	08/01/2033	1
31402E-X3-7	FNMA Pool 727098 5.000% 08/01/33		09/01/2010	Paydown		256,252	256,252	252,488	252,562	0	3,690	0	3,690	0	256,252	0	0	0	9,309	08/01/2033	1
31402F-CV-5	FNMA Pool 727384 4.500% 09/01/18		09/01/2010	Paydown		70,564	70,564	70,017	70,114	0	449	0	449	0	70,564	0	0	0	2,135	09/01/2018	1
31402Q-NN-7	FNMA Pool 734897 4.500% 08/01/18		09/01/2010	Paydown		18,786	18,786	18,527	18,586	0	200	0	200	0	18,786	0	0	0	570	08/01/2018	1
31402R-F8-7	FNMA Pool 735591 5.000% 06/01/35		07/08/2010	JP Morgan Secs		1,184,202	1,116,184	1,180,801	0	0	547	0	547	0	1,181,348	0	2,854	2,854	6,666	06/01/2035	1
31402R-F8-7	FNMA Pool 735591 5.000% 06/01/35		07/01/2010	Paydown		19,419	19,419	20,543	0	0	(1,124)	0	(1,124)	0	19,419	0	0	0	81	06/01/2035	1
31402R-FS-3	FNMA Pool 735577 7.500% 04/01/17		09/01/2010	Paydown		19,205	19,205	20,337	20,072	0	(867)	0	(867)	0	19,205	0	0	0	955	04/01/2017	1
31403C-6L-0	FNMA Pool 745275 5.000% 02/01/36		09/01/2010	Paydown		32,855	32,855	33,644	33,637	0	(782)	0	(782)	0	32,855	0	0	0	1,113	02/01/2036	1
31403D-CZ-0	FNMA Pool 745388 5.000% 11/01/18		09/01/2010	Paydown		73,097	73,097	71,613	71,792	0	1,305	0	1,305	0	73,097	0	0	0	2,460	11/01/2018	1
31408A-J7-6	FNMA Pool 845486 6.000% 06/01/21		09/01/2010	Paydown		179,658	179,658	180,897	180,860	0	(1,202)	0	(1,202)	0	179,658	0	0	0	6,859	06/01/2021	1
31410F-2Q-7	FNMA Pool 888283 5.000% 08/01/34		09/01/2010	Paydown		75,907	75,907	75,771	75,768	0	139	0	139	0	75,907	0	0	0	2,583	08/01/2034	1
31410F-YE-9	FNMA Pool 888209 5.500% 05/01/36		09/01/2010	Paydown		7,623	7,623	7,440	7,443	0	179	0	179	0	7,623	0	0	0	306	05/01/2036	1
31410G-KD-4	FNMA Pool 888692 5.500% 09/01/36		09/01/2010	Paydown		22,921	22,921	22,855	22,855	0	67	0	67	0	22,921	0	0	0	841	09/01/2036	1
31410K-3J-1	FNMA 6.000% 02/01/39		09/01/2010	Paydown		171,792	171,792	178,583	178,480	0	(6,688)	0	(6,688)	0	171,792	0	0	0	6,939	02/01/2039	1
31410K-QJ-6	FNMA 5.000% 02/01/38		09/01/2010	Paydown		42,916	42,916	44,264	44,243	0	(1,328)	0	(1,328)	0	42,916	0	0	0	1,451	02/01/2038	1
31410K-XV-1	FNMA Pool 889992 5.500% 06/01/38		09/01/2010	Paydown		547,974	547,974	577,770	0	0	(29,796)	0	(29,796)	0	547,974	0	0	0	10,471	06/01/2038	1
31410Q-NP-2	FNMA Pool 894198 6.000% 10/01/36		09/01/2010	Paydown		5,960	5,960	6,118	6,114	0	(154)	0	(154)	0	5,960	0	0	0	249	10/01/2036	1
31411J-X3-5	FNMA Pool 909798 5.500% 03/01/37		09/01/2010	Paydown		255,707	255,707	271,569	0	0	(15,862)	0	(15,862)	0	255,707	0	0	0	7,044	03/01/2037	1
31412Q-N6-2	FNMA Pool 932013 5.500% 09/01/39		09/01/2010	Paydown		301,033	301,033	317,402	0	0	(16,369)	0	(16,369)	0	301,033	0	0	0	6,058	09/01/2039	1
31412S-ZB-4	FNMA Pool 933738 4.500% 04/01/38		07/30/2010	Credit Suisse First Boston		1,192,452	1,140,420	1,146,835	1,146,662	0	25	0	25	0	1,146,686	0	45,766	45,766	31,504	04/01/2038	1
31412S-ZB-4	FNMA Pool 933738 4.500% 04/01/38		08/01/2010	Paydown		68,717	68,717	69,104	69,093	0	(376)	0	(376)	0	68,717	0	0	0	6,205	04/01/2038	1
31412T-Q2-2	FNMA Pool 934373 6.000% 08/01/38		09/01/2010	Paydown		252,894	252,894	257,793	257,688	0	(4,795)	0	(4,795)	0	252,894	0	0	0	11,317	08/01/2038	1
31414Q-LU-9	Fannie Mae Pool 972939 4.500% 02/01/23		09/01/2010	Paydown		351,494	351,494	363,302	0	0	(11,808)	0	(11,808)	0	351,494	0	0	0	9,136	02/01/2023	1

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
31414T-RY-9	FNMA Pool 975803 6.000% 04/01/38		09/01/2010	Paydown		128,636	128,636	131,128	131,073	0	(2,437)	0	(2,437)	0	128,636	0	0	0	5,693	04/01/2038	1
31415T-FQ-8	FNMA Pool 988575 5.500% 08/01/38		09/01/2010	Paydown		344,399	344,399	355,539	355,364	0	(10,965)	0	(10,965)	0	344,399	0	0	0	12,708	08/01/2038	1
31416B-RY-6	FNMA Pool 995203 5.000% 07/01/35		07/08/2010	JP Morgan Secs		1,329,482	1,252,751	1,299,142	1,298,539	0	258	0	258	0	1,298,797	0	30,685	30,685	38,800	07/01/2035	1
31416B-RY-6	FNMA Pool 995203 5.000% 07/01/35		09/01/2010	Paydown		190,496	190,496	197,551	197,459	0	(6,963)	0	(6,963)	0	190,496	0	0	0	6,384	07/01/2035	1
31416B-XR-4	FNMA Pool 995388 5.500% 08/01/37		09/01/2010	Paydown		47,813	47,813	49,497	49,467	0	(1,655)	0	(1,655)	0	47,813	0	0	0	1,761	08/01/2037	1
31416C-EZ-5	Fannie Mae 995752 4.500% 05/01/39		09/01/2010	Paydown		28,905	28,905	29,406	29,398	0	(492)	0	(492)	0	28,905	0	0	0	877	05/01/2039	1
31416P-LA-3	Fannie Mae Pool AA5720 4.500% 04/01/39		09/16/2010	Nomura Sec Intl Inc		3,839,925	3,667,852	3,745,182	3,744,993	0	(1,170)	0	(1,170)	0	3,743,824	0	96,102	96,102	136,061	04/01/2039	1
31416P-LA-3	Fannie Mae Pool AA5720 4.500% 04/01/39		09/01/2010	Paydown		232,131	232,131	237,025	237,014	0	(4,882)	0	(4,882)	0	232,131	0	0	0	7,649	04/01/2039	1
31416W-P5-5	Fannie Mae AB1343 4.500% 08/01/40		08/18/2010	Citigroup Global Markets		592,738	565,859	595,037	0	0	0	0	0	0	595,037	0	(2,299)	(2,299)	920	08/01/2040	1
31416W-P6-3	Fannie Mae AB1344 4.500% 08/01/40		08/18/2010	Goldman Sachs		986,509	942,970	990,708	0	0	0	0	0	0	990,708	0	(4,199)	(4,199)	1,532	08/01/2040	1
31416W-P7-1	Fannie Mae AB1345 4.500% 08/01/40		08/31/2010	Citigroup Global Markets		439,493	416,952	437,669	0	0	0	0	0	0	437,669	0	1,824	1,824	678	08/01/2040	1
31417N-BY-6	Fannie Mae Pool AC3654 5.000% 10/01/39		09/01/2010	Paydown		31,800	31,800	33,043	0	0	(1,242)	0	(1,242)	0	31,800	0	0	0	809	10/01/2039	1
31417N-MK-4	Fannie Mae Pool AC3961 5.000% 09/01/39		09/01/2010	Paydown		8,721	8,721	9,021	0	0	(300)	0	(300)	0	8,721	0	0	0	148	09/01/2039	1
31417Q-NG-5	FNMA Pool AC4890 5.000% 10/01/39		09/01/2010	Paydown		176,621	176,621	182,692	0	0	(6,071)	0	(6,071)	0	176,621	0	0	0	2,273	10/01/2039	1
31418M-GR-7	FNMA Pool AD0207 6.000% 10/01/38		09/01/2010	Paydown		259,105	259,105	277,596	0	0	(18,492)	0	(18,492)	0	259,105	0	0	0	3,859	10/01/2038	1
31418M-NH-1	FNMA Pool No AD0391 4.500% 10/01/39		08/18/2010	Citigroup Global Markets		2,579,194	2,462,238	2,526,102	0	0	(464)	0	(464)	0	2,525,638	0	53,556	53,556	22,468	10/01/2039	1
31418M-NH-1	FNMA Pool No AD0391 4.500% 10/01/39		09/01/2010	Paydown		34,982	34,982	35,890	0	0	(907)	0	(907)	0	34,982	0	0	0	9,512	10/01/2039	1
31418T-J2-4	Fannie Mae AD5680 4.500% 05/01/25		09/01/2010	Paydown		35,000	35,000	37,070	0	0	(2,070)	0	(2,070)	0	35,000	0	0	0	260	05/01/2025	1
31418U-2K-9	Fannie Mae AD7077 4.500% 06/01/25		09/01/2010	Paydown		16,576	16,576	17,802	0	0	(1,226)	0	(1,226)	0	16,576	0	0	0	62	06/01/2025	1
31418U-V9-2	Fannie Mae AD6939 4.500% 07/01/40		09/01/2010	Paydown		24,321	24,321	25,521	0	0	(1,201)	0	(1,201)	0	24,321	0	0	0	91	07/01/2040	1
31418V-NH-1	Fannie Mae Pool AD7591 4.500% 07/01/40		09/01/2010	Paydown		17,298	17,298	18,130	0	0	(832)	0	(832)	0	17,298	0	0	0	65	07/01/2040	1
31418W-PL-8	Fannie Mae AD8526 4.500% 08/01/40		08/18/2010	Goldman Sachs		676,678	646,813	679,558	0	0	0	0	0	0	679,558	0	(2,880)	(2,880)	1,051	08/01/2040	1
31418W-PP-9	Fannie Mae AD8529 4.500% 08/01/40		08/11/2010	UBS Securities LLC		2,808,142	2,680,005	2,792,649	0	0	(286)	0	(286)	0	2,792,363	0	15,779	15,779	4,355	08/01/2040	1
31418W-PP-9	Fannie Mae AD8529 4.500% 08/01/40		09/01/2010	Paydown		19,995	19,995	20,836	0	0	(840)	0	(840)	0	19,995	0	0	0	10,125	08/01/2040	1
31418X-EV-6	Fannie Mae AD9147 4.500% 08/01/40		08/18/2010	BNP Paribas		124,000	118,696	124,593	0	0	0	0	0	0	124,593	0	(593)	(593)	193	08/01/2040	1
31419A-B7-1	Fannie Mae AE0061 6.000% 02/01/40		09/01/2010	Paydown		97,806	97,806	105,890	0	0	(8,084)	0	(8,084)	0	97,806	0	0	0	982	02/01/2040	1
31419A-CU-9	Fannie Mae Pool AE0082 5.000% 05/01/40		08/18/2010	JP Morgan Secs		990,767	933,217	987,606	0	0	(243)	0	(243)	0	987,363	0	3,404	3,404	9,254	05/01/2040	1
31419A-CU-9	Fannie Mae Pool AE0082 5.000% 05/01/40		09/01/2010	Paydown		16,783	16,783	17,762	0	0	(978)	0	(978)	0	16,783	0	0	0	3,835	05/01/2040	1
31419D-L7-4	Fannie Mae 4.500% 09/01/40		09/23/2010	Various		3,834,105	3,670,000	3,825,402	0	0	0	0	0	0	3,825,402	0	8,703	8,703	5,505	09/01/2040	1
546475-GH-1	Louisiana St Gas & Fuels Tax Ser A 5.0		09/02/2010	UBS Securities LLC		447,823	425,000	444,012	444,012	0	0	0	0	0	444,012	0	3,811	3,811	18,122	05/01/2031	1FE
79765R-RG-6	San Francisco Calif City & Cnt Ser B 5		09/02/2010	Donaldson Lufkin Jenrette		432,857	390,000	420,748	420,105	0	(1,738)	0	(1,738)	0	418,367	0	14,490	14,490	16,629	11/01/2029	1FE
3199999 - Totals - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions						57,933,513	55,416,108	57,088,916	20,579,589	0	(309,726)	0	(309,726)	0	56,778,624	0	1,154,887	1,154,887	1,355,663	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					

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Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

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										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
00110A-AB-0	AEP Texas Central Transition 2006-A A2		07/01/2010	Paydown		188,391	188,391	199,960	199,621	0	(11,230)	0	(11,230)	0	188,391	0	0	0	9,382	07/01/2013	1FE
0258M0-DA-4	American Express Credit Co 2.750% 09/1		09/17/2010	Morgan Stanley		2,002,390	2,000,000	1,988,320	0	0	46	0	46	0	1,988,366	0	14,024	14,024	1,222	09/15/2015	1FE
029912-BB-7	American Tower Corporation 4.625% 04/0		09/23/2010	Various		1,630,332	1,535,000	1,534,056	0	0	156	0	156	0	1,534,212	0	96,121	96,121	64,227	04/01/2015	2FE
03063V-AE-9	Americredit Auto Receiv Trust Series 200		09/07/2010	Paydown		89,949	89,949	92,128	91,741	0	(1,791)	0	(1,791)	0	89,949	0	0	0	2,748	03/07/2011	1FE
03063V-AE-9	Americredit Auto Receiv Trust Series 200		07/06/2010	Paydown		44,313	44,313	45,386	45,195	0	(882)	0	(882)	0	44,313	0	0	0	1,106	03/07/2011	1FE
032511-BH-9	Anadarko Petroleum Corp 6.375% 09/15/1		08/27/2010	Various		2,201,435	2,225,000	2,223,750	0	0	0	0	0	0	2,223,750	0	(22,315)	(22,315)	6,655	09/15/2017	3FE
03523T-AU-2	Anheuser Busch Inbev Wor Series 144A 5		09/02/2010	Tax Free Exchange		2,783,286	2,800,000	2,782,668	0	0	618	0	618	0	2,783,286	0	0	0	59,500	04/15/2020	2FE
05947U-ES-3	Bank of America Commercial Mtg 6.186%		09/01/2010	Paydown		31,386	31,386	32,912	31,744	0	(357)	0	(357)	0	31,386	0	0	0	1,293	01/11/2012	1FE
060505-BM-5	Bank of America Corp 5.375% 06/15/14		07/21/2010	RBC Capital Markets		85,712	80,000	79,623	79,625	0	43	0	43	0	79,669	0	6,043	6,043	2,640	06/15/2014	1FE
06051G-EC-9	Bank of America Corp 5.625% 07/01/20		07/29/2010	Various		1,094,771	1,060,000	1,056,205	0	0	27	0	27	0	1,056,232	0	38,538	38,538	6,209	07/01/2020	1FE
12189L-AB-7	Burlington North Santa Fe 3.600% 09/01		09/23/2010	Various		285,514	285,000	284,624	0	0	1	0	1	0	284,625	0	889	889	423	09/01/2020	2FE
12189L-AC-5	Burlington North Santa Fe 5.050% 03/01		09/17/2010	Deutsche Bank Securities		240,725	250,000	249,078	0	0	0	0	0	0	249,078	0	(8,353)	(8,353)	421	03/01/2041	2FE
12668A-ZL-2	Countrywide Alt Loan Trust 2005-64CB 1A1		09/01/2010	Paydown		118,280	118,280	118,425	118,411	0	(131)	0	(131)	0	118,280	0	0	0	4,867	03/25/2013	3Z*
161571-DZ-4	Chase Issuance Trust Series 2009-A7 0.		09/15/2010	Paydown		2,750,000	2,750,000	2,750,000	2,750,000	0	0	0	0	0	2,750,000	0	0	0	15,196	09/17/2012	1FE
172967-EH-0	Citigroup Inc 6.000% 08/15/17		08/03/2010	Bank Of America		805,065	750,000	759,938	758,121	0	(515)	0	(515)	0	757,606	0	47,459	47,459	43,875	08/15/2017	1FE
172967-EM-9	Citigroup Inc 6.125% 11/21/17		08/03/2010	Merrill Lynch		592,554	550,000	560,060	560,014	0	(588)	0	(588)	0	559,426	0	33,127	33,127	23,862	11/21/2017	1FE
172967-ES-6	Citigroup Inc 6.125% 05/15/18		08/03/2010	Morgan Stanley		589,408	550,000	557,975	557,943	0	(421)	0	(421)	0	557,523	0	31,885	31,885	24,423	05/15/2018	1FE
172967-EV-9	Citigroup Inc 8.500% 05/22/19		08/04/2010	Citigroup Global Markets		239,761	197,000	230,303	0	0	(653)	0	(653)	0	229,650	0	10,111	10,111	11,954	05/22/2019	1FE
20030N-AL-5	Comcast Corp 5.900% 03/15/16		08/13/2010	Various		828,792	720,000	719,119	719,347	0	75	0	75	0	719,422	0	109,370	109,370	39,294	03/15/2016	2FE
20030N-AW-1	Comcast Corp 5.700% 05/15/18		08/10/2010	Various		1,842,167	1,635,000	1,633,353	1,633,477	0	115	0	115	0	1,633,592	0	208,575	208,575	69,113	05/15/2018	2FE
20030N-BA-8	Comcast Corp 5.150% 03/01/20		08/06/2010	Various		1,713,686	1,590,000	1,588,394	0	0	55	0	55	0	1,588,450	0	125,237	125,237	36,393	03/01/2020	2FE
20173Q-AB-7	Greenwich Capital Commerical GCCFC 2007-		09/01/2010	Paydown		32,807	32,807	33,805	0	0	(997)	0	(997)	0	32,807	0	0	0	612	07/10/2012	1FE
20825U-AB-0	Conoco Funding Co 6.350% 10/15/11		08/03/2010	Call 106.9015		160,352	150,000	153,702	153,632	0	6,720	0	6,720	0	160,352	0	0	0	7,620	10/15/2011	1FE
22822R-AR-1	Crown Castle Towers LLC Series 144A 6.		09/23/2010	Various		714,820	650,000	650,000	0	0	0	0	0	0	650,000	0	64,820	64,820	26,383	01/15/2020	1FE
25470D-AC-3	Discovery Communications LLC 5.050% 06		08/10/2010	Various		2,031,493	1,900,000	1,893,825	0	0	89	0	89	0	1,893,914	0	137,579	137,579	18,285	06/01/2020	2FE
372917-AP-9	Genzyme Corp Series 144A 3.625% 06/15/		08/23/2010	Citigroup Global Markets		1,077,757	1,025,000	1,021,761	0	0	114	0	114	0	1,021,875	0	55,882	55,882	7,122	06/15/2015	2FE
38141E-A6-6	Goldman Sachs Group Inc. 6.000% 06/15/		09/01/2010	Various		5,230,829	4,820,000	4,943,977	0	0	(760)	0	(760)	0	4,943,218	0	287,611	287,611	68,447	06/15/2020	1FE
416515-AZ-7	Hartford Financial Services Gr 5.500%		09/24/2010	Wells Fargo Bank		1,109,306	1,100,000	1,097,305	0	0	121	0	121	0	1,097,426	0	11,880	11,880	31,258	03/30/2020	2FE
441060-AL-4	Hospira, Inc 5.600% 09/15/40		09/17/2010	UBS Securities LLC		288,031	290,000	289,299	0	0	0	0	0	0	289,298	0	(1,267)	(1,267)	541	09/15/2040	2FE
441812-GA-6	Household Finance Corp 6.375% 08/01/10		08/01/2010	Maturity		390,000	390,000	411,208	391,974	0	(1,974)	0	(1,974)	0	390,000	0	0	0	24,863	08/01/2010	1FE
46625H-GY-0	JP Morgan Chase & Co 6.000% 01/15/18		08/04/2010	JP Morgan Secs		315,885	280,000	279,576	279,585	0	33	0	33	0	279,617	0	36,268	36,268	17,920	01/15/2018	1FE
46625H-HF-0	JP Morgan Chase & Co 6.400% 05/15/38		09/24/2010	JP Morgan Secs		884,573	750,000	830,595	0	0	(480)	0	(480)	0	830,115	0	54,457	54,457	41,867	05/15/2038	1FE
46630G-AM-7	JP Morgan Mortgage Trust 2007-A1 4A1 2		09/01/2010	Paydown		39,458	39,458	38,578	38,798	0	660	0	660	0	39,458	0	0	0	970	07/25/2035	1Z*

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1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
46630G-AR-6	JP Morgan Mortgage Trust 2007-A1 5A1 3		09/01/2010	Paydown		78,455	78,455	78,097	77,881	0	574	0	574	0	78,455	0	0	0	(4,785)	01/25/2035	1Z*
48121C-YK-6	JP Morgan Chase Series BKNT 6.000% 10/		08/06/2010	Various		1,112,619	995,000	1,000,828	1,000,893	0	(323)	0	(323)	0	1,000,570	0	112,049	112,049	51,408	10/01/2017	1FE
50075N-BA-1	Kraft Foods Inc 5.375% 02/10/20		08/31/2010	Various		1,897,307	1,725,000	1,710,786	0	0	583	0	583	0	1,711,369	0	185,937	185,937	49,203	02/10/2020	2FE
53217V-AC-3	Life Technologies Corp 6.000% 03/01/20		07/01/2010	Wells Fargo Bank		316,824	295,000	300,015	0	0	(141)	0	(141)	0	299,874	0	16,950	16,950	6,785	03/01/2020	2FE
571748-AN-2	Marsh and McLennan 5.150% 09/15/10		09/15/2010	Maturity		420,000	420,000	419,471	419,917	0	83	0	83	0	420,000	0	0	0	21,630	09/15/2010	2FE
617446-HC-6	Morgan Stanley Dean Witter 6.600% 04/0		07/22/2010	Various		425,512	400,000	426,683	414,219	0	(3,462)	0	(3,462)	0	410,757	0	14,755	14,755	21,707	04/01/2012	1FE
61746B-CW-4	Morgan Stanley 5.625% 01/09/12		07/22/2010	Various		1,270,679	1,220,000	1,222,448	1,223,049	0	(824)	0	(824)	0	1,222,225	0	48,454	48,454	72,056	01/09/2012	1FE
61746B-CX-2	Morgan Stanley 0.780% 01/09/12		07/22/2010	Morgan Stanley		536,982	550,000	424,875	466,952	0	21,777	0	21,777	0	488,730	0	48,252	48,252	2,411	01/09/2012	1FE
61746W-MV-9	Morgan Stanley Dean Witter Cap Series 20		09/01/2010	Paydown		3,944	3,944	4,591	4,052	0	(107)	0	(107)	0	3,944	0	0	0	170	02/15/2012	1FE
61747Y-CE-3	Morgan Stanley MTN 6.000% 04/28/15		08/04/2010	Various		733,428	675,000	674,252	674,336	0	91	0	91	0	674,428	0	59,000	59,000	31,613	04/28/2015	1FE
61750W-AX-1	Morgan Stanley Capital MSC 2006-IQ12 A4		07/12/2010	Cantor Fitzgerald		2,772,236	2,750,000	2,765,361	0	0	(600)	0	(600)	0	2,764,761	0	7,475	7,475	30,141	11/15/2016	1FE
61759N-AD-6	Morgan Stanley Reremic Trust 2010-R6 2A		09/21/2010	Paydown		163,427	163,427	158,627	0	0	4,801	0	4,801	0	163,427	0	0	0	866	06/21/2036	1Z*
61913P-AA-0	Mortgageit Trust Series 2004-1 Class A1		09/27/2010	Paydown		4,992	4,992	2,625	2,647	0	2,345	0	2,345	0	4,992	0	0	0	22	11/25/2034	1Z*
61980A-AC-7	Motiva Enterprises LLC Series 144A 5.7		07/01/2010	JP Morgan Secs		429,827	390,000	400,512	0	0	(388)	0	(388)	0	400,124	0	29,703	29,703	10,963	01/15/2020	1FE
62951M-AY-6	Nomura Asset Acceptance Corp Series NAA		09/01/2010	Paydown		10,722	10,722	10,776	10,776	0	(54)	0	(54)	0	10,722	0	0	0	472	12/25/2034	1Z*
651229-AK-2	Newell Rubbermaid Inc 4.700% 08/15/20		09/15/2010	Nomura Sec Intl Inc		310,290	300,000	299,880	0	0	1	0	1	0	299,881	0	10,409	10,409	1,567	08/15/2020	2FE
65475V-AC-4	Nissan Auto Recievables Owner 2009-1 A3		09/15/2010	Paydown		115,057	115,057	115,045	115,049	0	9	0	9	0	115,057	0	0	0	4,147	09/15/2014	1FE
682134-AC-5	Omnicom Group Inc. 4.450% 08/15/20		09/15/2010	BNP Paribas		329,560	325,000	323,876	0	0	10	0	10	0	323,886	0	5,674	5,674	1,808	08/15/2020	2FE
70109H-AK-1	Parker Hannifin Corp 3.500% 09/15/22		09/17/2010	Morgan Stanley		319,956	325,000	321,256	0	0	7	0	7	0	321,263	0	(1,307)	(1,307)	379	09/15/2022	1FE
779382-AK-6	Rowan Companies Inc 7.875% 08/01/19		08/13/2010	Morgan Stanley		141,306	125,000	124,176	124,205	0	37	0	37	0	124,242	0	17,064	17,064	10,582	08/01/2019	2FE
78403D-AB-6	SBA Tower Trust Series 144A 5.101% 04/		09/17/2010	Citigroup Global Markets		1,190,208	1,125,000	1,125,000	0	0	0	0	0	0	1,125,000	0	65,208	65,208	22,487	04/15/2017	1FE
79548C-AB-2	Salomon Bro Mtg Sec 2000-C3 A2 6.592%		09/01/2010	Paydown		68,408	68,408	73,950	68,602	0	(194)	0	(194)	0	68,408	0	0	0	2,917	10/18/2010	1FE
871503-AH-1	Symantec Corporation 4.200% 09/15/20		09/24/2010	Deutsche Bank Securities		353,850	355,000	353,623	0	0	4	0	4	0	353,627	0	223	223	538	09/15/2020	2FE
88163V-AC-3	Teva Pharm Finance LLC 5.550% 02/01/16		08/20/2010	Credit Suisse First Boston		418,813	360,000	358,636	358,650	0	140	0	140	0	358,790	0	60,024	60,024	21,312	02/01/2016	1FE
887315-AK-5	Time Warner Inc 9.125% 01/15/13		07/13/2010	Corporate Actions		53,100	45,000	56,568	49,477	0	(733)	0	(733)	0	48,745	0	4,355	4,355	4,095	01/15/2013	2FE
887317-AC-9	Time Warner Inc. 5.875% 11/15/16		08/09/2010	Various		362,159	315,000	313,576	313,659	0	104	0	104	0	313,762	0	48,396	48,396	13,725	11/15/2016	2FE
887317-AF-2	Time Warner Inc. 4.875% 03/15/20		08/06/2010	Wells Fargo Bank		554,384	525,000	523,268	0	0	59	0	59	0	523,327	0	31,058	31,058	10,664	03/15/2020	2FE
88732J-AH-1	Time Warner Cable Inc 5.850% 05/01/17		08/03/2010	Various		691,207	620,000	619,800	619,802	0	22	0	22	0	619,824	0	71,383	71,383	27,706	05/01/2017	2FE
88732J-AW-8	Time Warner Cable Inc 5.000% 02/01/20		08/02/2010	Various		2,667,408	2,600,000	2,583,099	269,297	0	711	0	711	0	2,583,827	0	83,581	83,581	76,936	02/01/2020	2FE
90783S-AA-0	Union Pacific Corp 4.698% 01/02/24		07/02/2010	Redemption 100.0000		10,646	10,646	10,646	10,646	0	0	0	0	0	10,646	0	0	0	500	01/02/2024	1FE
92343V-AV-6	Verizon Communications 6.350% 04/01/19		07/01/2010	Merrill Lynch		115,040	99,000	111,892	0	0	(134)	0	(134)	0	111,758	0	3,282	3,282	1,676	04/01/2019	1FE
929766-C2-7	Wachovia Bank Comm Mtge Trust Series 200		09/01/2010	Paydown		47,303	47,303	47,537	47,329	0	(26)	0	(26)	0	47,303	0	0	0	1,583	05/15/2014	1FE
929903-DT-6	Wachovia Corporation 5.750% 06/15/17		09/24/2010	Greenwich Capital Markets		90,883	80,000	79,731	79,732	0	22	0	22	0	79,754	0	11,129	11,129	3,629	06/15/2017	1FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
939336-N6-6	Washington Mutual MSC Mtg Series 2003-MS		09/01/2010	Paydown		13,291	13,291	13,890	13,752	0	(461)	0	(461)	0	13,291	0	0	0	706	11/25/2030	3Z*
94981Q-AF-5	Wells Fargo 2005-AR16 3A2 2.892% 10/25		09/01/2010	Paydown		8,392	8,392	8,164	8,172	0	220	0	220	0	8,392	0	0	0	175	10/25/2035	1Z*
125094-AD-4	CDP Financial Series 144A 4.400% 11/25	A	09/30/2010	Citigroup Global Markets		1,062,350	1,000,000	1,043,150	0	0	(706)	0	(706)	0	1,042,444	0	19,906	19,906	15,889	11/25/2019	1FE
136375-BT-8	Canadian National RR 5.550% 03/01/19	A	08/13/2010	RBC Capital Markets		1,151,660	975,000	964,090	964,809	0	545	0	545	0	965,354	0	186,306	186,306	52,158	03/01/2019	1FE
15135U-AA-7	Cenovus Energy Inc. Series 144A 4.500%	A	07/08/2010	Various		1,079,118	1,080,000	1,078,964	1,079,007	0	111	0	111	0	1,079,118	0	0	0	39,150	09/15/2014	2FE
15135U-AC-3	Cenovus Energy Inc. Series 144A 5.700%	A	07/06/2010	Tax Free Exchange		641,050	600,000	641,712	0	0	(662)	0	(662)	0	641,050	0	0	0	7,695	10/15/2019	2FE
77531Q-AM-0	Rogers Wireless Inc 7.500% 03/15/15	A	08/13/2010	Morgan Stanley		1,555,454	1,285,000	1,479,112	1,466,515	0	(19,833)	0	(19,833)	0	1,446,682	0	108,772	108,772	89,147	03/15/2015	2FE
878742-AT-2	Teck Resources Limited 4.500% 01/15/21	A	09/17/2010	Various		584,076	575,000	574,856	0	0	0	0	0	0	574,856	0	9,220	9,220	0	01/15/2021	2FE
02364W-AS-4	America Movil Series 144A 5.000% 03/30	F	08/11/2010	UBS Securities LLC		1,209,832	1,125,000	1,117,755	0	0	207	0	207	0	1,117,962	0	91,870	91,870	20,661	03/30/2020	1FE
35177P-AU-1	France Telecom 2.125% 09/16/15	F	09/17/2010	Various		900,468	900,000	895,212	0	0	13	0	13	0	895,225	0	5,243	5,243	266	09/16/2015	1Z
85771P-AB-8	StatOil ASA 3.125% 08/17/17	F	08/12/2010	Nomura Sec Intl Inc		831,773	825,000	823,202	0	0	0	0	0	0	823,202	0	8,572	8,572	0	08/17/2017	1Z
92857W-AK-6	Vodafone Group PLC 5.750% 03/15/16	F	08/13/2010	Various		436,625	385,000	377,373	378,967	0	529	0	529	0	379,496	0	57,129	57,129	20,477	03/15/2016	1FE
3899999 - Totals - Bonds - Industrial and Miscellaneous (Unaffiliated)						59,923,849	56,770,221	57,188,894	18,671,620	0	(7,549)	0	(7,549)	0	57,165,836	0	2,758,013	2,758,013	1,417,928	XXX	XXX
8399997 - Total - Bonds - Part 4						224,521,419	216,217,875	220,128,086	45,906,503	0	(344,047)	0	(344,047)	0	219,754,572	0	4,766,848	4,766,848	3,520,981	XXX	XXX
8399999 - Total - Bonds						224,521,419	216,217,875	220,128,086	45,906,503	0	(344,047)	0	(344,047)	0	219,754,572	0	4,766,848	4,766,848	3,520,981	XXX	XXX
9999999 Totals						224,521,419	XXX	220,128,086	45,906,503	0	(344,047)	0	(344,047)	0	219,754,572	0	4,766,848	4,766,848	3,520,981	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
Bank of America San Francisco, CA		0.011	0	0	1,697,359	2,225,707	1,687,967	XXX
The Northern Trust Company Santa Barbara, CA		0.037	488	100	10,829,853	5,703,917	7,680,051	XXX
0199998 Deposits in 0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	488	100	12,527,212	7,929,624	9,368,018	XXX
0299998 Deposits in 0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - Suspended Depositories	XXX	XXX						XXX
0299999 Total Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999 Total Cash on Deposit	XXX	XXX	488	100	12,527,212	7,929,624	9,368,018	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total Cash	XXX	XXX	488	100	12,527,212	7,929,624	9,368,018	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents					0	0	0